THE Freeman

IDEAS ON LIBERTY

NOVEMBER 1961

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THE Freeman

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THE IMPORTANCE OF Beliefs

DEAN RUSSELL

A WISE MAN once said, "Those who forever keep an open mind will have a lot of garbage thrown in it."

That is the theme of my brief remarks this evening to you pupils of Keith Country Day School – and to your teachers, parents, and friends who are sharing this occasion with you.

It seems to me that, increasingly, we Americans of today don't really believe deeply about anything. We seem to make a fetish about keeping an open mind on everything. As a result, the enemies of human freedom and human dignity are throwing in garbage by the bucketful.

As pupils in high school and adult citizens in the business and professional world, you will hear on all sides that the mark of an educated person is his toleration of opposing viewpoints. All along the line, you will be encouraged – and re-encouraged – to keep an open mind on all subjects, and to be ready always to listen to the "other side."

I am here this evening to question that concept of the educated man. I say flatly that no person is educated who has an open mind on, for example, the issue of human slavery. It is wrong morally, socially, and economically. It always has been wrong, and always will be wrong. My mind is totally closed on the subject. I point-blank refuse to listen to the "other side" of the question – that is, I will never listen seriously to anyone who favors human slavery.

I assume that you, too, have a closed mind on the issue of slavery. If so, you can now understand

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Dr. Russell is Professor of Economics and Chairman of the Department of Economics and Business Administration at Rockford College. This article is from his address at graduation ceremonies of the Keith Country Day School, Rockford, Illinois, June 8, 1961.

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the point I am trying to make when I state so strongly that tolerance and open-mindedness are frequently dangerous and destructive.

This example of slavery is, of course, too obvious to prove anything. I have used it only to establish my thesis as quickly as possible – that is, some issues are not open to rational discussion. Now let us move on to issues that are more controversial.

For example, President Kennedy has just returned from a conference with the leader of Russia and of world communism. If our President went to that conference with an open mind on the issue of communism, he is a foolish man. But I assume that he, like me, has a totally closed mind on the subject. I assume that he is an educated person who understands that communism is a vile and false philosophy that can lead only to the complete loss of personal freedom and human dignity. I assume that our President went to that meeting merely to size up the enemy, to learn as much about him and his plans as possible, and to better prepare himself to lead the Western world in its continuing struggle with the tyrants who have enslaved more than 800 million human beings. If that was his purpose – and, again, I assume it was – the trip could prove to be of value. For while we should never have an open mind on the subject of tyranny, we should always search for better ways to stop it, to defeat it, and to destroy it. True enough, the honest man may be forced to negotiate with the robber and murderer who holds a gun. But that unpleasant fact does not mean that the honest man has an open mind on the subjects of robbery and murder.

Again you may say, "The examples you have selected are too easy. Surely all of us are opposed to dictatorial communism. You still haven't proved your thesis about the danger of perpetual open-mindedness and listening to all viewpoints." I agree, but I'm not through yet. At this point, at any rate, I hope that you agree with me that only a foolish and uneducated person will keep an open mind on *all* subjects. Now let us explore a few issues that are not quite as easy as the two already cited.

Family Responsibilities

I believe that it is the moral, social, and economic duty of every parent to provide for his children as best he can. I also believe that it is the moral, social, and economic duty of every adult son and daughter to take care of his aged parents when they cannot provide for themselves. My mind is closed

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on the subject. I will not willingly listen to the siren song of the welfare-staters who advocate the dishonoring of parents by turning them over to the government. Nor will I give any consideration whatever to the sincere but misguided humanitarians who are persuading parents to look to government to take care of their children for them.

I am convinced beyond any shadow of a doubt that the weakening of this parent-child mutual responsibility will lead steadily to the destruction of the family as the basic unit of society. And when the unity and the mutual responsibility of the family is gone, the basic purpose of organized society will disappear along with it. For obviously, there soon wouldn't be any individuals to concern themselves about freedom if the family unit were totally destroyed. But suppose, as seems more likely, that the family unit is not abolished but is merely corrupted and weakened? In that case, freedom for the individual will doubtless continue to be an issue. But it will tend increasingly toward a superficial and distorted form of freedom. That is, it will become a desperate struggle by various individuals to free *themselves* from slavery, rather than a fight against the idea of human bondage itself.

That is my belief. And as a result of it, I will not listen to any person – I will not voluntarily support any proposal or law – that will in any way undermine the moral and economic responsibility of parents for their children and of children for their parents.

Let the State Provide!

If you still have an open mind on this subject, perhaps you have not fully considered the powerful evidence that is so readily available. For example, it is not at all difficult to find families, in Rockford or any other city, where the parents look upon their children as hindrances to their pleasures. These children are generally neglected and are often abandoned. But for some perverted reason, this fact is seldom cited as an object lesson of what happens when family responsibility is weak or missing. Instead, it is used as an excuse to turn over to the state *all* children – fortunate as well as unfortunate – for supervision and care in many areas of our daily lives. The responsibility of the parents is automatically taken from them. Thus family unity in general is weakened still further in a misguided approach to this sad problem of helping the victims of disrupted families.

Conversely, it is also easy to find families in which the chil-

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dren, in turn, recognize no responsibility whatever toward their parents. Increasingly, our solution to this equally sad problem is to demand that the state provide for *all* elderly persons, whether or not they have children who can support them. Thus the circle has come full turn. Parents vote to have the state support their children. And, in turn, the children vote to have the government support their parents. Under this immoral concept of parenthood and of honoring one's father and mother, it is hardly surprising to observe the rapid decline of the family as the basis of our society. It seems clear to me that the result is a trend toward degradation of the parents, the absence of any real values in the children, and a society that is increasingly controlled and directed by governmental authority.

True enough, we employ the democratic mechanism to legalize this abandonment of our moral and family responsibilities. But this does not make the results any the better. It is just as immoral – and just as destructive of society – to vote our responsibilities away as it is to throw them away.

Even the communist leaders of Russia, who began by totally rejecting the family unit as the basis of their society, soon discovered that the results were disastrous. While the communist concepts of law and morality are still a distortion of reality, perhaps it is significant to observe that the concept of the family unit was eventually reinstated in Russia.

"Would You Let Them Starve?"

Now many of you may agree with the general thesis that I have here advocated, but add, "Yes, but the state must at least guarantee the bare necessities of life to everyone – food, clothing, education, housing, and so on. For after all, there *are* many children and old people who literally cannot provide for themselves and who have no one to provide for them. Would you let them starve, Professor Russell?"

My answer is clear. "No, I will not stand by and watch my neighbor starve. I will not tolerate a situation in which children have no chance for an education. I will not knowingly permit a human being to die for lack of minimum medical care. I will do what I can to help them with my own time and my own money."

Please observe the pronouns I have used – I and mine. I use those pronouns proudly. I will not demean them – nor the sentiment behind them – by saying what "we" should do in this area of personal responsibility. You will, of course, do what seems to you

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right. And doubtless, you already have your own methods for fulfilling whatever moral responsibility you accept in this area. For what it is worth, here is my own particular approach to this ever-present problem of aiding my less fortunate and less capable fellow man.

Self-Help Is Best

First, I shall provide as well as I can for my own children, for my own parents, for my own family. Then I will do the best I can for my immediate neighbors who are in need. When that task exceeds my limited resources – as it does – I shall ask for your help. And I am confident that you will give it. On the community level, I will answer the plea of my church and various other voluntary agencies that are dedicated to helping the destitute and the less fortunate. I will also give due consideration to the appeals of other voluntary agencies that are dedicated to helping unfortunate persons on the state, national, and international levels.

But never will I turn to government for help in these areas. I will never join the sincere but misguided enemies of human dignity who think of themselves as good citizens and moral persons when they vote to take from *you* your money to be used for some humanitarian purpose that *they* think is good. I will never do it because I am convinced that this procedure cannot be of lasting value to anyone and cannot provide a lasting solution to any problem in this area. In fact, it is clear to me that governmental solutions to these problems generally create two new and more difficult problems for every one seemingly solved.

I believe that any measure by government to make parents less responsible for their children – or children less responsible for the welfare of their parents – is another step in the direction of tyranny and the destruction of a moral society. If it continues from the cradle to the grave, it will make of us only *things* to be manipulated, instead of *persons* to be respected. Thus I no longer pay any attention whatever to the dozens of differing viewpoints on the other side of this issue. I have listened to most of them in the past, I have studied many of them carefully, I have given much thought to their general promise and performance – and I have rejected them all as basically unsound. Thus I no longer have an open mind on the subject. If I listen at all, it is merely to try to discover some way to convince the persons who advance these ideas that their seemingly humanitarian proposals are basically evil and are destruc-

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tive of the very thing they profess to want.

Your Beliefs and Convictions Can Make or Break America

Now let's stop a moment and consider what I have said. Obviously I believe the thesis I have advanced here this evening; else I would not have submitted it to you. Is the validity of the thesis automatically proved merely because I believe it? Not in the least! An idea is good or bad on its own merits; my belief in it does not make it either true or false.

Do you believe it? I do not know. But this much I do know. If you forever keep an open mind on the subject, the battle will be lost by default. You won't count, one way or the other. So I urge you to examine it, to think about it, and then to accept it or reject it. This does not mean, of course, that you can never thereafter examine new evidence, if such is discovered. It means only that you can then devote your time and thoughts to additional issues and ideas that also need your attention. If you accept this idea of personal responsibility, however, it will also mean that the enemies of liberty and dignity will then have one less open mind to throw garbage into.

It is important that each of us believe positively in something. In fact, as we discovered in Korea, beliefs are vital. The Chinese Communists had considerable success in converting to their beliefs a certain segment among the captured American prisoners. But the evidence is clear that the Americans who went over to the other side had no deep beliefs in anything – God, family, country, or whatever. Thus their defection was not surprising. And I am convinced that this general lack of any positive belief is primarily responsible for our continuing losses in the "cold war" with the socialists, at home and abroad.

For example, in this nation we used to believe firmly in a personal God. But he isn't so popular anymore.

In this country, we used to believe that the penniless immigrant and the poor boy from the farm could work themselves up to the top in the companies that employed them. That idea merely produces a cynical smile among the vast majority today.

We used to believe that our nation was the best and greatest in the world. But today, we spend a great deal of time apologizing for existing.

Only a few years ago, most Americans believed that every person was responsible for himself and his family – and that

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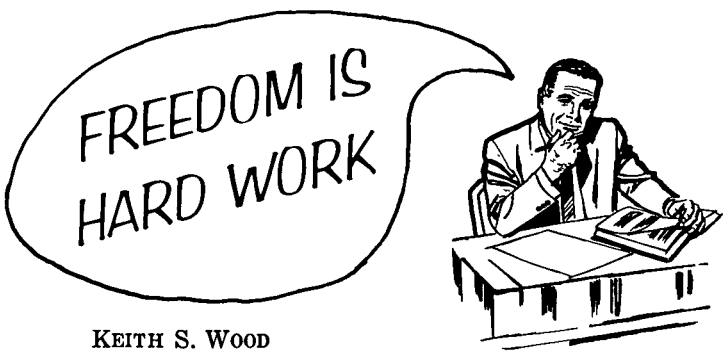
charity should provide for the unfortunate few who just couldn't make the grade – and that a subsidy from government was a disgrace to be avoided at almost any cost. That belief is now almost totally dead in America.

When we *had* strong beliefs and convictions, we were a growing people and a great nation. We knew where we were going and what we wanted. Today we don't. But the enemy does. The Communists and Socialists – at home as well as abroad – have strong beliefs and convictions. They know what they want and how to get it. And they are winning – not because their beliefs are good and true, but because so many of us who have not yet accepted the socialist philosophy don't really have strong beliefs and convictions to the contrary. Thus we can't possibly win – for the simple reason that we aren't fighting for anything.

Think about it. Yes, even pray about it. The issue is not merely important; it is vital. ◈



KEITH S. WOOD

A BUSINESS FRIEND of mine complained the other day, "Boy, is the competition getting tough! Changes are coming so fast I can hardly keep up with them. If something isn't done about these discounters, I don't know what's going to happen."

I think many people in business feel that there is something wrong with the economy when competition is fierce. They then support laws to regulate the "cutthroat competition," and the like.

But the fantastic productivity of the free society isn't handed to us on a silver platter! It is developed because of the powerful in-

Mr. Wood is President and Treasurer of Wood Brothers Manufacturing Company, Oregon, Illinois.

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centives the free society supplies to everyone – and the greatest incentives as well as the highest pressures are applied to those who are directly responsible for productivity: the businessmen.

Let me hasten to add that almost everyone of us is, in some sense, a businessman – being responsible for organizing and using the factors of production.

But those to whom I refer here are those more generally recognized as businessmen together with some not usually so regarded, such as farmers.

When a businessman is tempted to look for help from the law, it may be well to consider the following:

1. We have no inherent *right* to manage a business, only the right to try. If others do it so much better that we have to "close up shop," then we have to join the ranks of those who work for others. This is a proud position in a free society and not one to be ashamed of.

2. In a free society, we usually aren't forced to discontinue a business, even though competition hurts. More likely, we have to accept a reduced income, which may be temporary or permanent, depending on the circumstances.

A friend of mine once suggested, for example, that "there ought to be a law" with regard to pricing below costs, as one of his competitors was doing. This was hurting my friend's business, of course. However, exploring the subject further with him revealed that his business was by no means entirely dependent on that particular line. He's still in business today and successful.

3. Successfully meeting competition depends upon creative ideas. One must have faith that tomorrow's ideas will be sufficient for that day's needs, just as were yesterday's. Nor can we have tomorrow's creative ideas today; they must come to us in their own good time.

4. We should be thankful that we have this hard challenging work to do. It is evidence of our having the responsibilities of free men. In countries lacking freedom, people tend to "take it easy," to shirk – and the result is boredom and frustration.

We businessmen would do well to expect things to be tough always. If organizing and planning for the needs of society were easy, why, even the government could do it! ◈

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RIGGED RULES AND FAIR PLAY

JOHN C. SPARKS

AMERICANS are great sportsmen and love both to play and to watch many sports. Ardent fans can name most of the players on their favorite baseball or football teams and can recite age, weight, batting averages, yards gained, passes completed, and other statistical information with an ease that is amazing. They know the latest idea on the proper golf putting stance and can engage in an erudite discussion about whom the White Sox probably will trade to the Yankees.

They also know the rules of their favorite pastimes and particularly that the set of rules for each sport applies to anyone and everyone who plays. It would be ridiculous to allow one baseball team to play an extra man in the outfield – or raise and lower the fence surrounding the ball park depending on which team is batting so as to influence potential home runs. Each golfer must traverse the same eighteen holes in a match, shoot for the same greens, and avoid the same traps. Other golfers in a tournament certainly would not permit one of the entrants to play a second shot any time he felt his first shot was not as good as he would have liked it.

To alter the game in favor of one player or a group would spoil the game for everyone. What sense of accomplishment would come to a golfer who shoots a 65 but only because the rules required him to play 15 holes rather than 18, or who is given special dispensation to kick his ball out of the rough or other difficult "lies." Any red-blooded man or woman would refuse to have the cards stacked in his favor, for the results gained by such means would provide no sense of satisfaction to himself, nor would he be especially re-

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garded by his friends and acquaintances as having the skill indicated by the "doctored" results. And furthermore, he would have no incentive to improve his own skill since the "doctored" scores would reflect no difference between a good golfer and a duffer.

Even though the American usually will root for the underdog to upset the favorite, he will not do so at the expense of rigging the rules for the underdog. The fans clamor for the rookie pitcher to strike out Ted Williams but only if Williams is allowed the conventional three strikes rather than a lesser number. Sports fans will urge on the small relatively-unknown college basketball team to upset Ohio State University, but only if the underdog uses no more than five men and shoots the ball at the same size hoop as do the Buckeyes.

Americans like to compete when the game is fair and when the rules are not rigged in favor of some of the participants to the detriment of the others. We have a superior sense of fairness and justice when the game being played is in the realm of sports.

The Game of Life

Unfortunately, the same sense of fairness does not always carry over from sports to the day-to-day "game" of working, earning a living, and participating with others going about the same tasks. The duffer in golf would never think to cry "unfair" because he cannot "break one hundred" over the same course the local pro covers in 72. But in our economic life, the duffer and his many associates constitute ripe temptation to the politician who strives to win support of his constituents by rigging the rules so as to favor a larger number of the voters to the detriment of a fewer number. The ruinous socialistic political philosophy, "from each according to his ability, to each according to his need," has enjoyed widespread adoption among the players in the game of life. A person who recognizes fair play and justice in sports surely does not lose this sense of fairness elsewhere; it is more likely he has never stopped to think and to understand that the fallacy of "rigged" rules will spell ruin to any game it is applied to – a game of sports – or the game of life.

When Rules Are Changed

The business leader who assumed the rules allowed him to have what he created, discovers after he has earned his success that a substantial part of his reward is given instead to those who are distinguished only by their failure to accomplish anything of

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value. The industrialist who knows the essentials of the game – how to invest, the know-how to manage capably and produce a profit – now finds in the middle of the game the rules have changed and his players must tour the bases *twice* to record one run. And the new potential entrepreneur looks over the possibilities of a satisfactory return for his contemplated risk-taking. He is discouraged that on one hand he must take the risk and absorb the loss if he fails. But on the other hand, *if* he is able to overcome nonproductive costs added by various governmental bodies and the unions, and then is able to produce a product at a cost less than the selling price he can obtain for it in the market place, he will have to share more than half of the resulting profit with the federal government. He wisely weighs his chances to "get to first base" since he realizes the distance to first base has been lengthened by governmental action considerably beyond its former distance. The likelihood of his putting a team on the field at all is reduced considerably.

According to Need

Carrying the allegory to the individual players, the credit for being the winning pitcher, given normally to the pitcher who hurls his team to victory, is entered into the record of another pitcher on his team who has had very few successes during the season. The leading batsman of the club hits two home runs and two singles for a "perfect day at bat," but two of the hits are credited to the weak-hitting shortstop who has great difficulty maintaining a batting average above .200. From the able to the needy!

If the game of baseball had its rules rigged in the manner the socialistic politicians have rigged the rules of economic life, one could easily predict the bizarre results. The leading hitter would not try so hard for those base hits if they were to go to another player's credit. Nor would the pitcher ply his skill so artfully if his hard-earned victory was to be credited to a team mate in need of an improved record. The game would soon fall to a mediocre level, and fans would no longer be willing to pay a handsome price of admission to watch baseball players who are "socialized." Degeneration of the game financially would quickly follow the departure of skill, know-how, and keen competition. When Mickey Mantle and the unknown benchwarmer receive the same reward, then it will no longer be attractive to try to be like either one, for neither will benefit from baseball spoiled by socialism.

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Everyone Can Win

There is a most miraculous feature in the game of life as played by free men which is not analogous with most games of sport, the latter usually having only one winner per game. The game of life played in a free market place by individuals with the right to choose, has many winners but very few losers, usually only the lazy and indolent. It is recognized that wide variance exists among the winners, from the very rich to the lesser rich. The latter term is used purposely – for who among "the poorer of us" is not able to command common items of wealth today which, less than one hundred years ago, were unavailable to the world's wealthiest potentates? Today's cheaper secondhand automobile would have been a fantastic dream available at no price a century ago. The most inexpensive television set in our stores could not have been purchased by all the world's wealth fifty years ago, and yet there is hardly anyone today who cannot own a TV if he so desires.

When the rules are not rigged, we all are winners, some understandably dissatisfied with the extent of their "bounty," but none precluded from the opportunity to try to better the reward.

American people are noted the world over for their sense of fair play and clean vigorous competition *in sports*. Americans were also noted at one time as the shining examples of free men in action – hard-working, confident, risk-taking, optimistic individuals who had the resilience to bounce ahead, even after temporary setbacks, *in the big game of life.*

But our reputation is dangerously near crumbling today and with good reason. The swashbuckling fearless competitor has been discouraged and hobbled by rigged rules and is fading from the scene; a less desirable character has taken his place. Opportunity is being replaced with plans for security; self-reliance has given way to dependency upon others; the rigorous tests of morality and honesty have been subverted by legalized immorality and dishonesty.

To achieve the best results, socialism must be eliminated from the political scene. This can come only through the understanding that socialism is to our economic and political life what rigged rules are to any sport – disastrous! ◈

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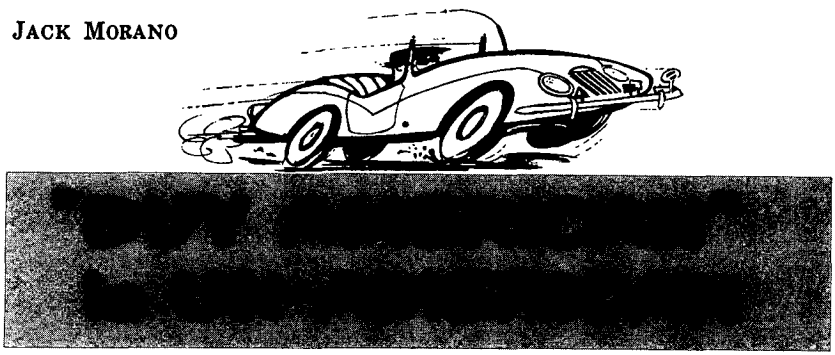
JACK MORANO



HAVE YOU a "feeling of guilt" about that foreign car you bought – or are thinking of buying? If so, it probably results from the "Buy American" slogan pushed by those short-sighted persons who would have us believe that it is un-American to be thrifty!

Oddly enough, if we were to follow the advice of these misinformed "patriots," the results would be quite to the contrary of their good intentions.

Recently, having decided to purchase a new American "compact," I visited the showroom of a dealer handling the car of my choice. I informed the salesman of my desire to "trade in" my foreign car for one of his new compacts.

"I know of eight people," beamed the salesman, "who have canceled their annual donations to a certain charity – since observing representatives of that charitable organization driving around in Volkswagens." The salesman smiled – pleased with himself for having recognized what he considered an act of patriotism on my part.

His smile gave way to amazement when I replied: "It seems to me that persons who practice that kind of 'patriotism' are neither bright nor thrifty – nor very American at all. And I can prove it," I added.

"Prove it?" The salesman was puzzled. "How can you *disprove*

Some readers may recognize Mr. Morano as the New York City patrolman whose letter last winter to the Editor of *The Wall Street Journal* read in part:

"This country was founded on the premise that 'the government that governs least, governs best.' That is to say that a government's proper function in a free society is to act as a policeman, not as a regulator over people's actions or choices. It should institute action only when there is a breach of someone's rights.

"What is more just than to say that the proper function of a police department is to police? Yet it is amazing how little the New York City police department is used to fight crime. City Hall keeps prostituting the proper function of the police and persists in using the department to enforce its socialistic regulations."

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that buying foreign products makes less work for American industry, and consequently fewer jobs for American workers?"

"That," said I, "depends on whether you wish to protect only those engaged in a *particular* industry – at the expense of the *whole* economy. Further, your position is another way of saying that *only* the manufacturer is entitled to a break – and at the expense of the consumer."

"How do you arrive at that?" The salesman was even more puzzled.

"Look," I explained, "suppose you set out with $20 in your pocket to buy a camera that you knew retailed at that price. But, at the camera shop you see a comparable, let us say, Japanese camera for $10. You purchase the Japanese camera and –"

"–And an American company is out $20," interrupted the salesman.

"True: That *particular* industry is out $20 – but you now have $10 left over."

"Big deal!"

"No; good deal," I corrected. "What would you do with $10?"

"Well, I . . . I'd probably buy myself a new shirt – I need one." The salesman contemplated. "On second thought, I'd probably have enough to buy myself a couple pair of socks."

"Correct – or the ten dollars might be spent on a combination of things, such as one shirt, one tie, a pair of socks, and a hamburger and coffee afterward. Right?"

"Right!"

"All right – now can you see that the haberdashery and the hamburger shop, together with all those connected with the manufacture, distribution, and selling of those products have profited? While it is true that the camera industry in *particular* did not profit, all those others did."

"Yes, but what about the ten dollars I paid for the camera, the dollars that went to Japan?"

"Good question! Foreign countries need American money in order to purchase *our* exports. You will notice that imports and exports usually balance out. For example, in 1960 we imported from Japan $1,148,000,000 worth of goods. The Japanese used this money to purchase from us in the *same year* $1,332,000,000 worth of *American* products. You can't cut imports back without hurting your own exports."

"Only one hole in your argument," said the salesman. "Suppose I'd stashed the money in a bank instead of spending the ten dollars? Wouldn't everyone be out?"

"Same difference! Whenever

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you can save money on a purchase, the economy still benefits whether you spend it or "stash it" in a bank. The bank loans your money to people who are starting new businesses or expanding one already established and prospering."

"I guess the trouble is that most people just see the immediate short-range results without looking at the long-range, over-all effects." The salesman thought a moment, then added, "You know – it's convictions such as yours that compelled Detroit to reconsider the wants of the public. I – what I mean is, there would probably be no such thing as an American compact had everyone bought American." ◈

AGAINST LIBERALISM

LYNN LANDRUM

REPORTS from the University of Texas are to the effect that new vigor is shown in the campus revolt against liberalism. Organization of the Young Republican Club movement has progressed to where the University of Texas group is ranked first in the United States.

This does not mean that the majority of students in the University of Texas are Republican. It does not mean that a majority of them are primarily interested in politics at all. Unless everything down there has undergone a complete change within the last 50 years, students are still interested primarily in football, dates, money from home, passing courses, food, clothes, and cosmetics.

But 50 years ago, the student opinion of the faculty was that

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they were hopelessly old-fashioned and reactionary, except for an occasional wild-and-woolly Socialist who wore flashy clothes and gave out the New Freedom with oratorical abandon. The revolt from conservatism produced a crop of young liberals who questioned the range of accepted formulae. They revolted against Bible, Home, and Mother. They were for the initiative and referendum. They knew instinctively that little business was essentially more moral and ethical than big business. They believed that government controls were the answer for the problems of man. They believed municipal ownership of anything was cheaper than private operation and management. They regarded interest as usury, profit as robbery, and rent as a tyranny of the rich over the poor.

And a lot of those youngsters are now gray in hair, pink in politics, and dedicated to the business of making young America as "progressive" and as "liberal" as they are. Some of these revolters of 50 years ago are facing the revolt of the Young Republicans on the campus now. And they are undoubtedly alarmed about it.

But the Columntator, being an old reactionary himself, is encouraged by it. It is his doctrine that what won't work won't work, and if you give it enough try-out, it will demonstrate its own folly to any perceiving eye. The young eye is essentially a perceiving eye. Young people these days are thinking about taxation, about war, about inflation, about making a living, setting up a home, and undertaking to get ahead in the world financially and doing a job as a citizen.

All this is good. If nobody gave attention to pay day, the whole world would go broke all at once. That would stop all "relief," all "aid," all "rehabilitation," all "urban renewal," and everybody would have to go to work again. It evens out, after so long a time. Well, right now is after so long a time, isn't it? Let's get to work. ◈

IDEAS ON LIBERTY

Opposing Faiths

WHERE BELIEF in the sacredness of authority most lingers, belief in the sacredness of life, of liberty, and of property, is least displayed.

HERBERT SPENCER, *Social Statics*

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GREAT BRITAIN AND THE COMMON MARKET

GEORGE WINDER

It is the great multiplication of all the different arts, in consequence of the division of labour, which occasions, in a well-governed society, that universal opulence which extends itself to the lowest ranks of the people.

—ADAM SMITH, *The Wealth of Nations*, 1776

WHEN THIS SENTENCE first appeared in 1776, it probably expressed a new idea, but now it is almost universally accepted that the man who tries to do everything for himself and does not specialize his labor and exchange its products for the specialized products of others is assured of extreme poverty. This principle applies not only to individuals but to communities and states.

The greater the field of exchange, the greater the number of people who exchange their goods with each other without obstructions of any kind, the greater the wealth which will be enjoyed.

Throughout most of human existence the barriers which hindered the exchange of goods — and consequently robbed mankind of that wealth which can be derived from the division of labor — consisted chiefly of natural barriers such as high mountains, tempestuous seas, and unfordable rivers. With the revolution in transport brought about by the invention of the steam engine, and later by the internal combustion engine, these natural barriers have been conquered; but they have been replaced by obstructions erected by man himself, among the most notable of which are quotas, tariffs, and exchange controls.

In countries of large areas of land and of great and varied nat-

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ural resources the injuries caused to trade by these man-made barriers, though considerable, are never disastrous. Small countries with few natural resources, however, can reduce themselves to poverty by erecting barriers to trade in order to protect favored industries or to obtain greater national self-sufficiency. We can describe any area in which trade is carried on freely as forming a single economic unit. An economic unit generally, but not always, coincides with the national unit. The larger the unit, the more advantages may be derived from the division of labor, and the more prosperous the society is likely to be.

The outstanding example of successful production based upon the great and varied natural resources of its economic unit is provided by the United States of America. Here, the citizens of fifty "sovereign states" obtain almost the full advantage of the division of labor by trading freely with each other.

Americans usually take for granted this freedom of trade between the states, but in one period in the history of their country it would have been possible for each state to erect tariff barriers against every other. When we compare the U.S.A. with Western Europe, we see on the one hand fifty states formed into one economic unit, while on the other hand we see an area similar in natural resources but crisscrossed with tariff barriers which divide it into as many economic units as there are states. It is this division of Europe into so many economies which, more than anything else, accounts for the poverty of the European as compared with the citizen of the United States.

Man-Made Barriers Reduced

Generally speaking, we may say that the world entered into the nineteenth century with its economy divided into many units by both natural and man-made barriers. The railway and the steamboat conquered the natural barriers but, for the most part, those which man had himself erected, remained. The revolution in transport, however, caused some people to realize that such man-made obstructions as tariffs were anachronisms, with the result that the century saw a number of these tariff barriers swept away.

Perhaps the outstanding example of this reform was the German Zollverein which gathered many small economic units into a single large one embracing the whole German Empire. The resulting improvement in the German economy and the flourishing of the German Empire is perhaps the greatest evidence we have for the

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superiority of the large economic unit over the small.

Another important response to the new conditions of the nineteenth century was the adoption of free trade by Great Britain in 1846. The result of this unprecedented step was that this small country, with few natural resources save coal, leapt ahead of all her powerful rivals. Because her free trade policy was not exclusive and was applied to the Empire and foreign countries alike, even some foreign countries such as the Argentine and Denmark found themselves drawn into her economic orbit. By the end of the nineteenth century the Dominions had begun to erect tariff barriers against Great Britain. But so completely had the free trade policy of the mother country caused them to gear their productions for the supply of her markets that in spite of these Dominion tariffs, the British Empire with minor reservations formed one vast economic unit.

The free trade policy of Great Britain – rather than the much-publicized political ties of colonialism – acted as a central magnet that drew together many economies and gave them a great measure of unity. Moreover, that policy also had the effect of making London the financial center of the world, and "The City" made its loans in those days with complete freedom from political considerations. This tended to increase the advantages derived from the division of labor, for it encouraged the production of commodities where the natural conditions were most favorable. Few people now realize the great service performed by London before World War I in coordinating the production of half the world for the immense benefit of all mankind.

Small Independent Units

While the history of the nineteenth century saw the growth of the large economic unit, the twentieth century is remarkable for a reactionary creation of many small units, each trying to be as self-contained as possible.

The most melancholy example of this is provided by the breaking up of the Austrian Empire into its component parts. The dissolution of this Empire as a political unit may or may not have been desirable; definitely disastrous was the breaking up of the economic unity it had so long enjoyed.

It is quite possible for economic unity to exist without political unity. Had the new countries formed from the Austrian Empire only given each other that free access for their goods which they had formerly enjoyed, their politi-

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cal independence would have been in no way impaired, and the economic unity enjoyed under the Empire would have been saved. Instead, they added 12,000 miles of new tariff barriers to the map of Europe and formed themselves into small economic units which were completely unviable.

During World War II the advantages possessed by the large economic unit were widely recognized, and it became the custom to declare that in the new age which men hoped was dawning the nations would unite into a very few large economies. The idealist even saw reason to hope that the world might become one vast economy in which all peoples might trade with each other quite freely; customs houses would become relics of a barbarous past.

In spite of men's hopes, exactly the opposite tendency manifested itself, and customs houses are now proliferating where none had existed before. The chief cause of this is the dissolution of the the British Empire. Although we have seen that her white Dominions even before World War I had already begun to place tariff barriers against the mother country, she had kept the rest of her Empire more or less in line with her own free trade policy. With the extension of self-government, she had allowed some of her chief dependencies, India for example, to place tariff barriers against her; but generally, they were not high or numerous, and most of her Asian and African possessions were joined with her in one vast economic unit.

Now, as each of her dependencies gains its independence, almost its first legislative act is to erect tariff barriers against Great Britain and the rest of the world. This tendency seems to be founded on nothing more than the desire of young nations to assert themselves. It is nevertheless disastrous. The once great united economy of the British Empire is being broken into many unviable parts. There is one factor, however – which we shall consider later – which acts as a saving grace and to some extent holds the economy of the British Commonwealth tenuously together.

Russian Common Market

Although many of the economies which have been subject to the influence of Western civilization are breaking up, the tendency beyond the iron curtain is exactly the opposite. Russia provides us with an example of an economic unit which has lately greatly expanded. This economic expansion did not take place at the same time as Russia's political conquests; it has occurred only within the last two years.

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Until then, Russia kept her economy quite separate from the economies of her satellites. She preferred to obtain goods within her own territory if this were possible. When she did purchase goods from her satellites, she paid for them at rates which differed from those used in pricing the goods of her own factories; and when she sold to her satellites, she charged them higher rates than those applying in Russia itself.

She has now realized, however, that this policy is contrary to the principle of the division of labor which, of course, has international as well as internal application. She has abolished the organizations which formerly controlled Soviet-satellite trade and established a "Committee for Economic Mutual Assistance" on which are represented all the communist governments of Eastern Europe and which the Chinese attend as observers. The object of this body is to form what may well be called a Common Market embracing all communist countries, including China. If this project succeeds, an economic unit at least six times as large as that of the United States will be formed.

It is a fact, of course, that the communist system of state control prevents that complete coordination of an economy which can only occur under the free price system; nevertheless, this communist attempt to obtain the advantages of the division of labor offers the West a definite challenge. The West should at least try to reverse the disastrous tendency for its economies to grow smaller and should combine economic units where possible.

Sixes and Sevens

There are in Europe today two important movements which have this object in view. The first of these is usually described as the Free Trade Area or the Outer Seven in which Great Britain, Sweden, Norway, Denmark, Switzerland, Austria, and Portugal have mutually agreed to lower their tariffs against each other until they completely disappear, when all seven countries will form one economic unit. This in no way involves the creation of a common tariff barrier against the rest of the world; and though this movement toward economic unity is somewhat stultified by reservations, it constitutes a most desirable development.

The other important movement to amalgamate economies is the formation of the European Common Market in which France, Germany, Italy, Holland, Belgium, and Luxembourg have agreed to abolish, over a period of time, their tariffs against each other.

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This movement, however, differs from that of the Outer Seven in that these six countries intend to erect a common barrier against all other countries. Six tariff barriers are to be replaced by one common barrier, and few will doubt that this amalgamation will bring the same benefits to the six countries concerned as the Zollverein of the nineteenth century brought to Germany.

Should Britain Join?

The big question now troubling the minds of all Britons and most Europeans is: Why does not Great Britain join this European Common Market? If she would only join, it is presumed that the other members of the Outer Seven would also find their way behind the common tariff curtain which would then protect Europe from the rest of the world. The question is rapidly becoming the great political issue of the time, and at the moment it divides every political party in Great Britain.

The advantages of the European Common Market for Great Britain are obvious. She would have free access to a market of 160 million people. Equally important, if Great Britain remains outside the common tariff barrier which will surround the six, Germany with her great rival industrial capacity will have an immense advantage. Yet, Britain hesitates, and those who oppose her joining are arousing themselves for a serious political battle. The reason for this is that Great Britain was once the center of an economy which, with all its defects and one-sided tariffs, was the largest economic unit in the world; and many Britons are still conditioned by this past. They realize that more than a shadow of that economic unity with the Empire still exists, and instinctively feel that these survivals are still the bases of British strength.

Here, we must clear up popular ideas concerning the so-called system of Empire Preference. The Dominions place lower tariffs against Great Britain than against the foreigner and are inclined to consider this a generous form of preference for British goods. In the great majority of cases, however, this preference is only a cloak for overcoming opposition to tariffs against the mother country. It is the importation of goods from Great Britain which the Dominion manufacturer usually fears, and the lower tariff barrier is made sufficiently high to keep them out.

This object having been attained, a still higher – but more often than not merely nominal tariff – is then placed against the foreigner who in any case has probably never supplied the goods concerned. Empire Preference has

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meant little to Great Britain, and the painful fact remains that, in spite of its alleged advantages, the economic unity of her Empire has been reduced by innumerable tariffs imposed on her goods by the Dominions. Now, these tariff impositions are being repeated by India and by every one of her colonies as soon as they receive their independence.

Commonwealth Trade

Looking at these rising tariffs, one is inclined to pronounce that the economic unity of the British Commonwealth is already a thing of the past and that Great Britain might just as well join the European Common Market and save herself from being left a solitary, isolated, and fading economy. But I have already said that although the economic unity of the British Empire, now called the British Commonwealth, is breaking up, it possesses a saving grace holding it tenuously together.

This saving grace is that, in spite of the fact that her Dominions have piled up tariff walls against the mother country, and in spite of the fact that her former Asian and African possessions are equally assiduous at this form of economic warfare, Great Britain has never retaliated. Except for duties on sugar and on certain manufactured goods, which chiefly affect Hong Kong, Great Britain has virtually no tariffs against her Commonwealth. In fact, as far as her Commonwealth is concerned she is, for all practical purposes, just as much a free trade country as she was in the days of Gladstone. This means that approximately half her imports come into the country as freely as they did in her great days of free trade. It also means that the Commonwealth countries, in spite of their tariffs against the mother country, find themselves very much under the influence of her markets, which still act as a magnet having a powerful influence in drawing their individual economies into one vast coordinated whole.

New Zealand, for example, tries to be an industrial nation and has erected all kinds of tariffs against the mother country; but still, the British market into which she has complete freedom of entry for her wool, butter, cheese, mutton, lamb, beef, timber, and every other commodity she can produce, is the overriding fact in her economy. If that market failed her, she could not afford to buy even the raw materials she needs for the sickly growth of her protected secondary industries.

In spite of New Zealand's protective tariffs, the free trade policy of the mother country has made that Dominion almost as much

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part of the British economy as is Devon or Cornwall. The same dominating influence of the home market is felt by Australia and by many of the former African and Asian possessions. It is felt by Ireland, for although that country has left the Commonwealth, Great Britain persists in treating her, for trade purposes, just as if she were still a member. It is felt by South Africa, which is the latest country to leave the Commonwealth; as yet, there has been no notice from Great Britain that her free trade policy toward South Africa will be withdrawn.

Oriented Toward British Market

Many Commonwealth countries, in spite of their insistence on protective tariffs, still find their economies largely oriented toward the British market, and are likely to remain so as long as Great Britain continues toward them her free policy. It is the knowledge that a great measure of Commonwealth economic unity still remains that has now aroused the opposition among British people to their country's entry into the European Common Market. They realize that if Great Britain goes behind the trade curtain which the Common Market proposes to erect against the rest of the world that remaining measure of economic unity with her Commonwealth will be shattered forever.

The six Common Market countries have already established a duty of 20 per cent against wheat, 20 to 24 per cent against beef, mutton, and lamb, 20 to 25 per cent against bacon, 24 per cent against butter, and 23 per cent against cheese. If Great Britain enters the Common Market, she would have to erect these duties against her Commonwealth. The effect would be serious indeed. To New Zealand in particular, it would constitute a shattering blow as these commodities are among the Dominion's chief exports. Moreover, Holland and the other members of the six would have free entry to Britain for such goods.

If those who ask Great Britain to join the European Common Market were to suggest that she place tariffs against goods coming into the rest of the country from Devon and Cornwall, the whole absurdity of the proposal would be obvious. But the surgical operation they now ask her to apply against New Zealand is no less serious, because for all practical purposes that Dominion is just as much part of the British economy as are Devon and Cornwall.

As a result, many people look upon the demand for Great Britain's entry into the Common Market, not as a constructive development, but as a demand for

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the final dissolution of what is left of the British Empire. That Empire as a political entity is now virtually dissolved but a measure of economic unity still remains and strengthens and makes prosperous all its parts. Economic unity is perhaps all that is really useful in any Empire: it is the substance when the insubstantial glory has departed. It is also worth noting that approximately half of Great Britain's exports go to her Commonwealth, whereas, at present, the six countries of the Common Market take only 14 per cent.

There are other reasons, of course, for opposition to Great Britain's entry into the Common Market. There is the fear that the Common Market, as envisaged in the Treaty of Rome, implies a planned rather than a free market, and there is a natural reluctance on the part of the British people to have their economy planned by a central authority which must in the nature of things have a majority of foreigners. They doubt very much whether their own countrymen can plan their economy, let alone a Board of foreigners. Then, there is fear of the political implications of the Treaty of Rome.

A possible solution, of course, would be for Great Britain to enter the Common Market accompanied by her Commonwealth – or at least her white Dominions. The nations of the Outer Seven group would then almost certainly enter. This would make the largest economic unit in the world. But this does not appeal to the Common Market Six. The products of the temperate British Dominions would provide the European with food at very much lower prices than he pays today, the same low prices for wheat, meat, and butter as the British people now enjoy. Apparently, this is a disaster which must be avoided at all costs!

We can compare the European Common Market to a fine new mansion and imagine Great Britain as a man who is offered its shelter, but only on the condition that he must first pull down his own highly serviceable cottage in which he has long enjoyed economic security with his children and dependents. This Commonwealth Cottage of his may be frail, its roof may shake, the winds of change may blow through it, and storm may enter, but it has been built with his own hands and it is fragrant with the memories of his fathers. Moreover, it still serves a very useful purpose. It is doubtful that the British people will desert it for the bright new mansion next door. ◈

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The Tale of the Little Red Hen

(Adapted from earlier versions)

W. A. PATON

EARLY ONE MORNING the Little Red Hen was out looking for something to eat, and in the course of her search she came upon several plump, fresh kernels of wheat, spilled by somebody in the road. She was just about to swallow them when the thought occurred to her that perhaps she might instead get into the wheat business in a small way by planting the kernels. So she called to some of her farm friends: "Look, I've found some wheat. Who will help me dig up some ground so that we can plant this wheat and raise a crop?"

The "friends" didn't take kindly to the idea. "Not I," quacked the duck. "Not I," honked the goose. "Not I," grunted the pig.

"Well, I will then," said the Little Red Hen. She picked out a nice piece of ground near the fence and worked hard scratching it up into good loose soil. Then she made some holes, well spaced, dropped a kernel in each hole, and filled them carefully with dirt.

The Little Red Hen visited her bit of wheat field every day, pulled out the weeds that came up, used her sprinkling can to water the soil when there wasn't enough rain. Soon the green wheat sprouts broke through the ground and grew into sturdy plants, and finally the stalks and wheat heads appeared and ripened. When the wheat was ready to cut, the Little Red Hen appealed to her "friends" again: "Who will help me cut the wheat and take it to the mill?"

"Not I," said the duck. "Not I," said the goose. "Not I," said the pig.

"Well, I will then," said the Little Red Hen. She cut the wheat stalk by stalk with her shears, bound it into several bundles and carried each bundle on her back over the hill and down by the river to the mill. The miller spread the wheat out on his threshing floor and pounded the heads with his flail until the kernels were all separated from the husks. Then he blew away the straw and chaff and ground the beautiful red wheat into flour. He put the flour in a sack (after taking out his

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toll for the work he'd done), tied up the sack, and gave it to the Little Red Hen. She carried it on her back all the way home — a long, hard trip. When she had the sack of flour safely in her house, she went out and called to her "friends" once more. "Who will help me make my flour into dough and bake it into bread?"

"Not I," said the duck. "Not I," said the goose. "Not I," said the pig.

"Well, I will then," said the Little Red Hen. She bustled about making the flour into dough, and putting it in her round baking pan. After the dough had risen, she put it in the oven and late in the afternoon she took it out (being careful not to burn herself), and there on the table was a round loaf of the loveliest brown bread anyone ever saw or smelled!

The Little Red Hen then went to the door and — with a bit of a glint in her eye — called out: "Who will help me eat this lovely loaf of bread that I have baked?"

"*I* will," quacked the duck, very loudly. "*I* will," promptly honked the goose. "*I* will," squealed the pig. And all three rushed to the door of the Little Red Hen's house.

But they didn't get any encouragement from that point on. "No," said the Little Red Hen. "I found the wheat; I prepared the soil and planted it; I pulled the weeds and watered the ground when it got too dry; I cut the wheat and carried it all the way to the mill; I carried the flour home myself; I made the flour into dough and baked it. None of you would help until it came time to eat. And I'm going to eat *my own bread* all by myself." She shut the door with a bang, and sat down to a good meal of hot bread, with plenty of butter on it! And it didn't bother her a bit that she was not sharing the results of her foresight, initiative, and labor with those unwilling to contribute to production but very eager to consume what someone else had produced.

* * *

Unfortunately, the fable's ending doesn't square with the facts of life in 1961 America. The duck, the goose, and the pig, constituting a democratic majority, have authorized their income tax collector to take from the very productive little hen up to nine-tenths of the bread she has earned. Added to this ruinous levy there may be a sizable fine to which she is subject for having grown wheat in excess of the quota allowed her under the farm price-support program. Far from enjoying the whole loaf she produced by her own efforts, she'll be lucky in 1961 if her "needy" neighbors leave her as much as a crumb. ◈

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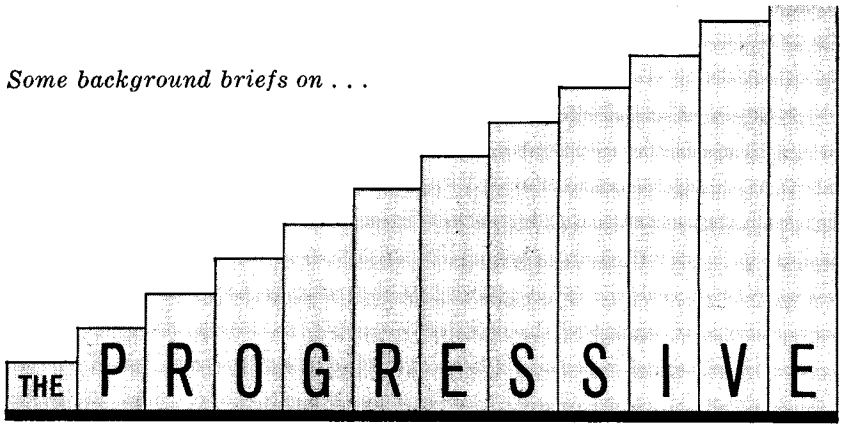
Some background briefs on . . .



JOHN CHAMBERLAIN

EXPENDITURES, says Parkinson in his famous Law, always rise to meet income.

It is too bad that Parkinson, that canny man, wasn't around way back in 1913 when the progressive income tax was first adopted in America. If he had been on the scene, he might have shocked at least a few people into sobriety by observing that his Law, as it applies to government, must be phrased this way: "The expenditures of the State always rise to meet *potential* income." In other words, the politico, with the people's total earnings at his potential legal disposal, will inevitably move toward taking it all. In return for votes the politico will, of course, hand most of it back as welfare – or as legalized patronage. But even in handing it back there will be strings attached to it: following Galbraith, the politico will tell the people how the money is to be spent.

Looking back on 1913, one can only be amazed at the incredible innocence of that generation of Americans. When the Sixteenth (the progressive income tax) Amendment to the Constitution was formally ratified, the Congress responded by adding a seemingly quite inoffensive federal income tax rider to the Underwood Tariff Act. The rider called for rates running up to a maximum of seven per cent on the last bracket of a $200,000-a-year income.

Although the principle of the income tax had been subject to a

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long controversy (it had been declared unconstitutional by the Supreme Court in 1894), the legislators took it lightly. When famed attorney Joseph Choate remarked ominously that, in time, the tax could go to 50 per cent or even higher, Senator William E. Borah arose and shook his massive head. The very idea that anyone could ever be taxed at a 50 per cent rate seemed silly to the Progressive Republican from Idaho. Hurling his rhetoric directly at Choate, Borah asked: "Whose equity, sense of fairness, of justice ... does he question?"

As things have turned out, Joseph Choate was altogether too moderate a prophet: today the top income tax rate is 91 per cent, and the 50 per cent rate begins at the $16,000-a-year level. In 1913 dollars, $16,000 a year is worth a mere $5,350. During World War I the tax took its first swift leap upward, only to fall back after the Peace of Versailles. Ever since the revenue act of 1934 first turned the full fury of a depression-ridden generation on anyone and everyone with an income of $25,000 a year or more, the rates at the top have been deadly.

The change in the tax temperature over the span of the past thirty years can be most graphically perceived if we consider what a Babe Ruth would have to be paid today to give him a take-home purchasing power comparable to his 1931 earnings. Out of a salary of $80,000 in 1931, Babe Ruth had $68,535 after federal income taxes. If "The Babe" were alive in 1961, he would need a salary of about $960,000 to give him as much purchasing power, after inflation and other federal income taxes, as he had in 1931.

Early Warnings

Long before Joseph Choate voiced his prophecy, English economists were taking a dim view of what might happen under progressive taxation. Said Ramsay McCulloch in 1845: "The moment you abandon .... the cardinal principle of exacting from all individuals the same proportion of their income or their property, you are at sea without rudder or compass and there is no amount of injustice or folly you may not commit." And he continued: "The reasons that made the step be taken in the first instance, backed as they are sure to be by agitation and clamor, will impel you forwards.... Why not take 50 per cent from the man of two thousand pounds a year, and confiscate all the higher class of incomes before you tax the lower?.... Graduation is not an evil to be paltered with. ... The savages described by Montesquieu, who to get at the

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fruit cut down the tree, are about as good financiers as the advocates of this sort of taxes."

It was only three years after McCulloch's warning that Karl Marx and Frederick Engels, in the *Communist Manifesto,* advocated a heavy progressive tax as a means of despoiling the "bourgeoisie" and softening middle-class society up for the dictatorship of the proletariat. Walter Bagehot, editor of the London *Economist,* feared that the Marxians would prevail: he predicted that the progressive tax, in combination with the principle of universal suffrage, would result not only in the destruction of the rich but in the very dissipation of the productive capital which gives society (the poor included) its margins of comfort.

The predictions of McCulloch and Bagehot have not yet come to pass in their ultimate direness; maybe they failed to reckon with the adaptability of man. Psychologically speaking, there is obviously some point where the progressive tax must recoil upon itself, destroying the base from which it might hope to achieve a maximum of "take." Just where the point is we cannot tell: there is no way of measuring businesses that are unborn, or energies and creative enthusiasms that simply fail to well up. But when a progressive tax dampens the impulse to generate income, then the tax base itself must narrow and diminishing returns set in.

A Theory of Justice

To make a tax acceptable, it must be levied in accordance with a theory of justice that is an article of faith with the majority. When justice, or the appearance of justice, fails, revolt is inevitable: the Puritan Revolution in England, the American Revolution of 1776, and the French Revolution of 1789 are all cases in point. The theory of justice behind the progressive income tax is that it imposes "equality of sacrifice" – and as long as this is believed, the tax will be palatable to a majority. "Equality of sacrifice" is the democratic way.

Time was when the progressive tax would not have been accepted as equitable even by a majority of the poor. Traditional equity required that taxes should be levied proportionately, not progressively. This was in accordance with the belief that a man's property, or his income, was an index of deserving achievement, or of value contributed in the market place to society. True, some men inherited their property or incomes – but that was something to be handled or regulated under laws of inheritance. In any case the erosion of time could be counted on to take

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care of the inefficient use of inherited fortune—"shirtsleeves to shirtsleeves in three generations" expressed the common wisdom in this matter of luck in the choice of one's parents.

Under the proportional theory of tax equity, a rich man would pay more taxes than a poor man, naturally. But every dollar of assessed property value, or of income, or of spending, would be taxed in equal amount, at flat percentage rates. Dollars would be treated equally, no matter who owned them, or spent them. Thus the citizens would be accorded the "equal protection of the laws" — and his "privileges and immunities" would be equal, as provided for in the United States Constitution. Any other way of treating taxation was regarded as discriminatory, or as putting penalties on ability, ambition, and success.

The Communist Manifesto

It was Marxian socialism — "From each according to his abilities, to each according to his needs" — which fathered the great attack on proportional tax equity: a "heavy graduated income tax" is a salient feature of the *Communist Manifesto* of 1848. But the Marxians would have made little headway if non-Marxian economists had not come unwittingly to their support with the theory that "it is not equal to treat unequals equally." In cases of charity, this is undoubtedly true, but no comprehensive legal system can be reared on a rule which begins by regarding everybody as an exception.

To rationalize their inapposite view, these economists sought the support of "marginal utility" analysis; they argued that the "utility" of the rich man's "last dollar of income" must be considerably less to him than the utility of the poor man's last dollar to the poor man. To take *more* of what the rich man valued *less* was, to these economists, a way of achieving tax justice. They based their theory of tax gradation from bracket to bracket on the old pleasure-pain calculus of the English utilitarian philosophers: obviously, so they said, there must be more pleasure and pain involved in satisfying (or in failing to satisfy) basic hungers than in buying a Rolls-Royce or subscribing for a seasonal box at the opera. By taking more of the supposedly less-valued "Rolls-Royce dollar" than of the highly-valued bread-and-beer dollar, "equality of sacrifice" could theoretically be translated into a law which would satisfy the ethical sense of the majority.

Superficially considered, there is a certain amount of rough prac-

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tical justice in this way of regarding the "last dollars" – or the upper brackets – of a man's income. If it is merely a question of satisfying the basic hungers for food, shelter, clothing, and the minimal cultural decencies, "last dollars" undoubtedly mean much; they may even mean life and death. But this is an argument for a basic exemption from taxation, not for levying progressively steeper surtaxes in the middle and upper brackets.

Beyond a certain subsistence and cultural minimum, the idea that "last dollars" can be rated in accordance with a scale of "marginal utility" to the individual becomes a fiction. Since men differ by inherited temperament, by circumstance, by ambition, and by training, every living human being values his "last dollars" differently. If intensity of avarice could be measured, the French peasant clutching his franc of profit and Hetty Green clutching her millions might come out at the same place. A Huckleberry Finn – or an ascetic St. Simeon Stylites seated on his column – will care little enough even for a "first dollar," whereas a Major Armstrong, intent on raising the money needed to protect his patent rights to a radio amplifier, may desperately value – and need – his "last million."

Who is to say whether the "last dollar" of a poor man taking a flyer on the "daily double" at the race track is worth more to the individual than the "last dollar" of a biochemist who wishes to buy a year's leisure to experiment with rare bacterial cultures? Who is to say whether the last dollar spent by a housewife on a new Easter hat is worth more to its owner than the last dollar thrown into the kitty by a Rockefeller to plant Easter lilies or tulips at Rockefeller Center?

"Equality of Sacrifice"

Money has such protean uses that its personal valuation can take a thousand-and-one turns. It can command leisure, freedom, security, adventure, education, veneration, esthetic gratification, and appendicitis operations – plus the whole economic gamut of ordinary goods and services. It can command both power and the protection of the individual against power. As a cynical wit has put it, though you may be able in some instances to buy happiness with money, you can't buy money with happiness – which could conceivably give the "last dollar" of income a "one-up" position even to a man in love.

To make the attempt to force "equality of sacrifice" by taking *more* of what the well-to-do man

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presumptively values *less* is, then, to pursue a chimera into a quagmire. The utility of a dollar – *any* dollar – to an individual is a purely subjective phenomenon, and cannot be measured in any known unit. One cannot multiply quantities by qualities and get a mathematically respectable answer, as Sir Isaac Newton observed long ago. To suppose that anybody values his "last dollars" less than anybody else is to substitute mind-reading (and emotion-reading) for objective measurement. It puts a self-righteous and wholly tyrannical power into the hands of a majority, or into the hands of the politicians who represent what they think is the majority.

As for the value of an individual's last dollar to society, this depends wholly on the uses to which it is put. It is the responsibility, the ingenuity, and the creativity of the individual which establishes the social "marginal utility" of the last dollar of income. But here, also, utility cannot be expressed in a priori terms, by taxing a man because he *might* waste his tax dollars.

The pleasure-pain calculus is wholly impotent when it comes to comparing a poor man's ticket to the dog races (theoretically of little use to society) and a rich man's investment in a job-creating business. Or, for that matter, the poor man's contribution to the Red Cross and the rich man's evening dissipation at the Copacabana. Even where the comparisons are freighted with seemingly unarguable moral distinctions, there are quicksands within quicksands. A night club might support a struggling musician while he is composing a great rhapsody, and a dog track could conceivably lead to far-reaching discoveries in canine genetics. On the other hand, charity – or a newly-created industry – may result in prodigious waste.

Marginal Utility

Used in price analysis, marginal utility has something objective to work on: the amount of goods which clear the market when the price is either raised or lowered. By utilizing theoretical supply-and-demand curves, one can even make reasonable guesses about the future. But marginal utility, which is of no use whatsoever in judging the intensity of personal feelings, cannot legitimately be used to give society a right to political dictation of the social uses of "last dollars." To tax possible investment capital on the theory that "society," as represented by government, might invest it better is to indulge in a wild guess. Measurement (via a tax) cannot be undertaken *before*

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the dollars are spent. This is why men have traditionally been left the use of their dollars to spend them or to invest them as they please. When the market decides, there is no uncertainty about the comparative rating of men's desires.

An Equality of Misery

Equality is an idea that leads inevitably to contradictions, depending on the values of the individual who advocates it. One can begin with the theory that everyone should start with the same advantages in life: such advantages as equality before God and the law, equal opportunity for education, and a basic subsistence that will keep one from being warped or stunted during the growing period. This is an idea of equality that is firmly imbedded in the American dream; it has also been roughly attainable in American practice. Granted this equality, however, people who are clever, able, persistent, or merely persuasive must soon outdistance the rest. As a people we have accepted this, traditionally, as being eminently fair.

It does not, however, result in an equalitarian society. Does true equality consist, then, of pulling everyone who has exceptional abilities back into the pack at stated intervals? Does it entail the consistent discouragement of excellence by means of periodic cancellation or retraction of rewards? If it does, then mankind must automatically be deprived of the benefits normally accruing to it from the natural variation of human beings. With the fostering of a widespread "what's the use" attitude, new inventions, new qualitative changes, new theories, ideas, and fashions, must falter; the standard of living must recede; the birth rate must drop; and the equality thus achieved will be an equality of misery.

Insofar as it results in "equality," the progressive income tax is a spawn of the second idea. It attempts to pull the exceptional at least part way back into the pack by canceling a good part of the previous year's gain every April 15. Since it is not a tax on capital, the progressive income tax cannot do the whole job of diffusing a more or less complete equalitarianism throughout society. But it keeps newcomers from amassing capital on their own out of savings – and, taken in conjunction with stiff inheritance taxes, it could carry out a revolutionary job of leveling within the space of a few generations.

How "moral" is this approach to equality via the tax collector? If the end to be achieved were a benevolent brotherhood, then there

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might be something to be said for it. But the means are neither relevant to nor consistent with such an end. Equality via the tax collector operates through the social motive of envy, not love or charity. It begins with the politics of "soak the rich." Soon the definition of "rich" is expanded to include the middle classes. And it all ends with the exaltation of the bureaucrat, who is in charge of spending the spoils. Minorities are inevitably put at the mercy of majorities – and everybody is at the mercy of the politicos, who get first whack at the resources of the State.

Injecting a Psychology of Depredation into Society

Instead of fostering brotherhood, then, the progressive income tax introduces a psychology of depredation into society. Pressure groups everywhere go for their share of the spoils. The arid states want big dams – at the expense, not of willing investors, but of the common people who have chosen to stay in greener, though more densely populated, New Jersey and Connecticut. Everyone has his pet scheme for spending other people's money, and empires grow in Washington as the politicos cater to the schemers. As money income is taxed away, there is a tremendous competition to get income in terms of social services (untaxed). The State is called upon to provide more money for schools, medical services, pensions, what-not. Producers, who have their own corporate income taxes to worry about, struggle for special tax write-offs; every different productive group, from agriculture to labor, wants exemptions. The result is an intense materialism which is rendered all the more ugly because it puts guns into the hands of any group which thinks it has a chance of transforming a minority into a majority by the mere offer of a trade in votes.

The depredation psychology has its reflex within voluntary associations which are compelled to sly expedients in order to retain assets, earning capacity, or mere utility. Businesses are diverted from thinking about productivity; decisions are often made with a primary eye to "tax advantage."

Take the case of a small sponge rubber company in Connecticut's Naugatuck Valley, for example. It has been built up by hard-working partners. But the partners find their only way of cashing in on their creation in their old age is via capital gains. So they sell their business to a big Akron, Ohio, rubber company, with their sons

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receiving stock as their inheritance instead of a going share in a family business. A somewhat similar instance of a small business firm disappearing into the maw of a larger, forms the substance of Cameron Hawley's novel, *Cash McCall.*

Many a small businessman is tempted to sell out for capital gains rather than continue to work for an annual income. The result is that big companies grow as small family businesses disappear. In the big companies salaries are paid partly in cash, partly in "future income" via such things as pension rights, commitments to retainers for "advisory aid" in the years after retirement, and stock options leading to capital gains. Expense allowances go up as entertainment, housing, car use, medical examinations, and vacations-cum-business trips are all allocated to "business costs." For its own part, labor devotes a great deal of its organizational energy into fighting for "fringe benefits" that will not appear on the ordinary tax forms as income. "Fringe benefits" result in an uneven diffusion of gains among the workers, for, while everybody foregoes a possible raise in order that the company may finance a fringe benefit, not everybody collects on the benefit to the extent of his due.

Undistributed Profits

As a defensive reflex against the depredation psychology, high individual tax rates result in the retention of earnings by corporations. The proof of this is objective: undistributed profits made up some 30 per cent of corporate profits after tax in 1929 and some 50 per cent in 1959. By leaving potential dividend money in a business, the investor gets a capital appreciation that is taxed at the 25 per cent of income limit if he chooses to sell his stock. In addition to helping the shareholder stay out of a higher tax bracket, this also provides a method whereby ownership can duck the effects of double taxation of dividend money. While it may be immaterial to a given company that it chooses to finance its future growth out of retained earnings (or undistributed profits) instead of going into the market for share capital, this method of financing robs the investor of his flexibility of decision. The investor sticks, perforce, to his "old company" instead of surveying the field for new options. And the "old company" may do the diversifying which the investor used to do for himself; it may branch out into unrelated lines, which can have good or bad effects depending on the ability of management to handle diversification

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within a single corporate set-up. In any event, business must pay some cost for being tax-oriented, not production-oriented. Some efficiency is lost if only because tax lawyers come high.

If the need to defend against a depredation psychology has its subtle effects on voluntary associations, it also puts a premium on slyness as practiced by the individual taxpayer. A well-known book company advertises a "Federal Tax Course" and offers a special report guaranteed to show what deductions can legally be claimed for business expenses on transportation, entertainment, lodging, gifts, theatre tickets, club dues, and bills, and "your wife's expenses if she travels with you." Another special report is advertised as showing how "men in the $20,000 to $100,000 class can virtually cut their tax in two" by dividing income among the family. Income can be transferred to minor children; property used in a business can be turned over to a member of the family and leased back (at a rent deduction); income-producing property can be sold from one member of a family to another to gain a depreciation advantage; and so on. All of this comes under the heading of "tax avoidance," which is perfectly legal. Nevertheless, a great deal of energy is necessarily diverted into the business of defending oneself against the government – a loss of energy which might be put to far more productive purposes, with society the richer for it all around.

Tax Exempt Securities

Finally, to protect against depredation psychology, the rich seek refuge in tax-exempt bonds. Thus potential risk capital disappears into the sink of dead-horse debt. This is the ultimate commentary on progressively taxing "last dollars." Ironically, it would take a "degressive tax," i.e., one that taxed "last dollars" least, in order to bring money from tax exempts back into the pool of risk money that should be available to the man with a new idea.

The late Professor Henry Simons of the University of Chicago economics faculty argued that the case for drastic progressions in income taxation "must be rested on the case against inequality." If the human race has a natural interest in human variation, then the case for progressive taxation is indeed "uneasy" (to use the phrase of Walter Blum and Harry Kalven, Jr.). But if equality (in the leveling sense) can by any stretch of the imagination be considered the touchstone of the good society, then the progressive tax falls into

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place as a relevant means to the achievement of social justice. But it is only *one* relevant means, and if it is left to operate alone it will not achieve its leveling end.

The Sorry Record

For better or worse, the progressive income tax in America has obviously not achieved an equalitarian result. This does not mean, however, that it should be written off as socially innocuous. Instead of introducing a leveling principle into society, it has resulted in some strange distortions of the social pyramid. While it has not produced equality, it has resulted in a very practical denial of the old American ideal of "equality of opportunity."

The reason for this is that it tends to stratify classes as they are. Since it is a tax on income, not a capital levy, it leaves old ownership intact without encouraging new – or additional ownership. The rich (within inheritance tax limits) tend to keep their fortunes. But Joe Doakes can hardly aspire to amassing a fortune – or even a sizeable nest egg – on his own if he attempts to do it out of saving for investment purposes. (The fact that millions have risen into "middle income status" since the time of the income tax amendment has been due to the fecundity of American production, with its fantastically efficient machine development, not to any "redistribution" effected by the tax.)

What the progressive income tax cannot do is to cut down the money-mobility of the rich. A man with a fortune can protect his equity by moving money about on the board of opportunity. He can invest his money in supermarkets in Venezuela, or buy oil rights in Western Canada, or become a partner in swiftly growing industries such as plastics, electronics, or aviation. Thus he can circumvent the ravages of inflation and expand his fortune via capital gains.

But while the well-to-do have a continuing access to opportunity (which they can also open to their sons by making them partners in expansive situations), the middle classes are denied the chance of building fortunes in the first instance to protect. Under progressive taxation an Averell Harriman, a Joseph P. Kennedy, a John Hay Whitney can keep their financial status (and even become ambassadors to the Court of St. James). But the deck is stacked against the emergence in our times of new ambassadorial material. During the past generation the "middle condition of man" has been ground between the upper and nether millstones

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of inflation and steeply rising progressive tax rates. Reckoned in terms of "disposable income" in "1939 dollars," the purchasing power of the $18,000-a-year man in 1961 is no more than that of the $6,000-a-year man of 1935. If the middle income man has been committed to insurance payments, his equity in saving has been cut in half. But the rich, who have invested in the insurance companies, have preserved their equities intact.

Soak the Middle Class

The fairness of the tax even within its own "ability to pay" rationalization is entirely questionable. The tax exempts the poor – or taxes them at such a low rate of progression that it is negligible. And, as we have seen, it tends to exempt the rich, who have ways of compensating for loss of dividends by the capital appreciation route. It is the people in the middle income brackets who do most of the paying. Thus what started as "soak the rich" has become "soak the middle class."

Moreover, the tax bears down with peculiar cruelty on the erratic earner, who may be compensated in a single high-tax spurt for years of patient effort. An author or a playwright may struggle for a decade to master a technique (or a subject) and then produce a single best-seller. But the gains for which the years have been preparing will not be commensurate with the effort and dedication involved. A doctor spends his young manhood in medical school, internship, and building a practice: then, relatively late in life, his income may hit the stratosphere without leaving him much after taxes for his old age. To gain crude equity for himself, the doctor will, in turn, grade his fees on an "ability to pay" basis, taking more from the rich and less from the poor.

Then there is the case of the public performer whose income is clearly related to the state of his muscular reflexes, or the youthfulness of his (or her) face and figure. Ballplayers are lucky to last in the big leagues (and the big money) after the age of 33 or 34. A Joe Louis may earn millions in a brief heyday as heavyweight champion – and then spend his middle age in irretrievable hock to the government for back taxes for the mere sin of having depended on altogether-too-sanguine income tax accountants. A Sugar Ray Robinson may be forced back into the prize ring after retirement to recoup a fortune which will prove to be just another mirage when the tax collector is satisfied. In the case of

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the professional tennis player, a single year in the big money is the most to which the average-good-amateur-turned-pro can aspire. Once the crowds have seen him on one round of the circuit, he is through.

As for movie stars and Broadway performers, they may be able to make the jump from ingenue charm or youthful agility to middle-age character parts. But not every starlet becomes a continuing star—and in such an event the high earnings of youth will never afford the basis for a middle-age income.

Since the onerousness of the present progressive tax rates are becoming obvious to too many voters, a trade has been proposed: let the many present legal "loopholes" (big expense accounts, the oil depletion allowance, and so on) be closed in return for an across-the-board cut in the progressive rates. Vain delusion! The closing of the "loopholes" will mean more income for government. But (to invoke Parkinson once more), expenditures rise to meet income. So why should the State give any of that "loophole" money back in the form of a tax cut? The "loophole" money will support lots of bureaucratic job holders—and as Parkinson's Other Law says, work expands to fill up the time of those available to do it.

No, we as a people are on the rack for having accepted an unjust Constitutional Amendment in the first place. We will remain right where we are until a limitation is placed on the principle of the progressive income tax itself. ◈

IDEAS ON LIBERTY

Who Spends Your Money?

THIS BUSINESS of federal aid actually simmers down to one central question: Do you want to spend your own money, or do you want someone else to spend it for you?

The only way the federal government gets money is to take it from you. If you want to know how much it takes, look at the part of your pay check that you never touch—federal income tax and social security tax. Add them up over a period of a year and then figure out what you would like to do with that same amount of money. See what you might have done for yourself and your family if you could have kept even half of those taxes.

If you think the federal government will do a better job of spending that money than you can do, you're interested in federal aid and government dictation of your life.

From *The Indianapolis Star*, August 17, 1961

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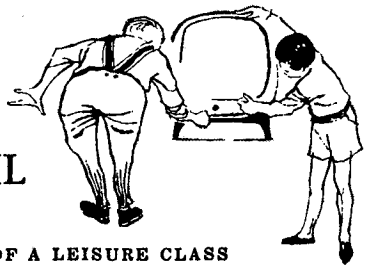

FREEDOM FROM TOIL

or — THE EMERGENCE OF A LEISURE CLASS

The sun was standing overhead
When Kaspar woke at last;
And as he put the kettle on
To break his morning fast,
Came Peterkin and Wilhelmine
To watch the panoramic screen.

They saw a string of country towns
Where certain streets and squares
Were lined with folks who sprawled at ease
In cozy rocking chairs;
While men with badges on their caps
Were heaping dollars on their laps.

"Is that some kind of money game?"
The little children cried.
"It's Welfare Payments," Kaspar said
In tones of honest pride.
"It frees the folks on welfare rolls
From hunger, toil, or begging bowls."

"Are all those paper dollars real?"
Gasped little Wilhelmine.
"They're really dollars," Kaspar said,
"Though getting very lean.
They're taken from the skimpy pay
Of folks still working every day."

"Why all the chairs," asked Peterkin;
"Can't people stand in line?"
" 'Twould smack of work," Old Kaspar said,
"And therefore undermine
Their right to sit and just relax
While others work to pay the tax."

"Are all those kids," asked Wilhelmine,
"Allowed to work in school?"
"We'll hold that question," Kaspar smiled,
"Until the judges rule.
Perhaps they'll be allowed to lurk
While other kids do all the work."

H. P. B. JENKINS
Economist, Fayetteville, Arkansas

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Men Are NOT Naturally Good

RICHARD S. EMRICH

THE FOUNDING FATHERS of this country (see Alexander Hamilton in *The Federalist Papers*) believed in the "universal venality of human nature." Men were by nature selfish, rapacious, and always corrupted by power. Because of this sinful human nature, privilege is misused, and no man or group of men may be trusted with unlimited power.

Once men get power they do not give it up, but will rationalize any extravagances or justify any social conditions to maintain it. This sinfulness is not just in one man, but every man; not just in one group, but every group; and even a superficial view of history reveals that the church, the military, capital, labor, education, men and women – everybody – have misused power. Men always claim to be purer than they are, and always fail to see that their own power is based on some injustice.

The Right Reverend Richard S. Emrich is Episcopal Bishop of Michigan. This article first appeared in *The Detroit News* of June 25, 1961.

The Founding Fathers were realists, and remarkably free of sentimentality.

Since power in the hands of men is dangerous, they believed that it must be broken up, fragmented; and so they devised a system of government in which power is not concentrated but dispersed. They created a system of checks and balances.

There are three branches of government (executive, legislative, and judicial), each checking the others. Church and State were separated, not because they wanted a godless state, but because the religious intolerance of Europe revealed that the power of Church and State should not be combined. Power was further diffused by giving rights to the states and local governments; and the final power was placed in the people so that in the last analysis they could "throw the rascals out."

But even the people were not to be trusted, for a majority can tyrannize over a minority, and

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mobs often deprive individuals of their rights. So the people, who can be fickle, were placed under the limitations of law.

With a realistic view of corrupt human nature, America was founded upon a profound skepticism about all concentrations of power, and in particular governmental power. We believe, then, in our system of government, not because men are good, but because they are not; not because men are pure, but because they are corruptible. Having seen the fruits of this realism about human nature, you will understand it when I say that the teaching of Original Sin is a most fortunate and blessed teaching.

Lack of Spiritual Realism

The cause of political freedom has been weakened in the modern world because we have lost this spiritual realism. For a profound view of human nature, we have substituted the sentimental belief that men are naturally good. Rather than seeing what every man who studies history ought to be able to see – that men are by nature selfish and only made into something half decent by discipline and the Grace of God – we have attributed human evil to ignorance or the social system under which men live.

But if evil is due to ignorance, then all professors should be saints; and to say that is to laugh. And if evil is due to the social system, then we must ask who corrupted the social system? Do we really believe that men will necessarily be improved by shifting the furniture of society?

Having lost our deep realism about human nature, we have lost also our realism about government and our skepticism about concentrations of power. The fact that governmental power has grown in America is not the deepest danger; because of the growth of the nation and the complexity of our problems, it had to grow. What is alarming is our loss of skepticism about governmental power. But it is all quite logical. If men are good and can be trusted, and if some immediate advantage comes to us from permitting it, why not let the government concentrate power?

It is sobering to remember that our real danger is our sentimental belief that human nature is naturally good. If human nature is good, we don't need either the wisdom of the Constitution or the Grace of God. ◈

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Redistributing the Wealth

EDWARD A. ROSSIT

"LET'S TAKE the money away from the rich and give it to the poor!" With monotonous regularity this statement, in one form or another, has popped up to plague the imaginative, the talented, the brilliant, the educated, and the just plain, hard-working people who have earned and saved some money. From the fictional, glamorized thief, Robin Hood, to the modern, real-life thief, Fidel Castro, the share-the-wealth appeal has fired mobs with enthusiastic and greedy approval. On the "theoretical" scene, the same old impractical and unworkable idea has been kneaded and rekneaded from Marx, through Keynes, to Galbraith, who refers to it today in the ultramodern language of taking from the private sector of the economy to give to the public sector.

Mr. Rossit does public relations work in Seattle, Washington.

What's wrong with redistributing the wealth? Actually, there's nothing wrong with sharing wealth, as long as it is done voluntarily. In a free economy, wealth is redistributed myriads of times daily. It is the *forced* and *compulsive* redistribution which is wrong – the element of coercion. When tax laws are imposed not to raise revenue but to redistribute wealth, such laws are wrong.

Why redistribute wealth anyway? What would be the purpose of such an act? If the purpose were to destroy initiative and incentive to work, that purpose would surely be fulfilled. Under continuous equalization of wealth, there would be no will to work. If anybody created more wealth, it would automatically be taken and redistributed to maintain the state of equality. With no incentive to create – and indeed a penalty in the form of confiscation –

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the total to be divided among all the people would steadily go down, as would everybody's equal share. As food supplies were eaten and as clothing and tools and machinery wore out, we would soon reduce ourselves to a state of equal poverty.

If "justice" were the purpose of sharing wealth, how would this justice be done? Equality of opportunity is not the same as equality of wealth. Surely, those who have worked longer, harder, more brilliantly, or with greater talent deserve more than those who have loafed, idled, labored stupidly and inefficiently, or just doodled.

It Wouldn't Last

How long could a state of equal wealth last? One week? One day? One minute? Probably not even that long. Some drunk, enjoying his equal share of liquor, would surely stumble in his kitchen and break his drinking glass, thus making himself poorer by one glass and a portion of liquor. Another individual, more creative than the others, would sew up a hole in his pants pocket, thus making himself richer than the others by the possession of a better pair of trousers. Almost immediately there would be inequalities, which would have to be redistributed by continuous force. A large number of people would be kept occupied with the ridiculously petty bookkeeping and paperwork needed to keep track of inventories of shared wealth; and an equally large number of people would be needed to spy on people's holdings, to confiscate goods by force, and to deliver to those with less. Since there would be no incentive to create, make, invent, or build, the sum total of wealth would decline as existing wealth, now totally shared, wore out, was eaten, grew stale, or became obsolete. The distributive process could theoretically continue as more and more people shared less and less until finally there would be nothing left to share, everybody sharing equally.

Actually, a total, complete, and absolutely equal sharing of the wealth is impossible, and few people seriously advocate such a thing. It would be too laughable. However, the general idea persists in modified forms. Don't share all the wealth – just some of it – is the feeling. And so, arbitrarily, levels are set above which people should be forced to share. It is interesting that in each case, whoever sets an upper limit on wealth sets it higher than his own level. Naturally, everybody who advocates sharing the wealth expects to gain, rather than be made poorer.

How much could we expect to

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gain initially from a forced redistribution of wealth? Let us say that we were very "fair" and very "just" and only took from the billionaires. There aren't many of them around, and we could all get rich by taking their money. How much would each American get if we took a billion dollars away from someone and gave everybody an equal share? A billion dollars is an almost astronomical amount of money. Would we each get fifty thousand dollars? Not quite that much! How about at least a thousand dollars apiece? No! It is less yet. Surely each of us would get at least a hundred dollars if we destroyed this billionaire and shared his wealth. No, it would still be less. The arithmetic is simple! Divide one billion dollars by 180 million, which is the approximate population of the United States. When we do this, we come up with the answer of a little over five and a half dollars apiece. It is very disappointing. And since there are very few American billionaires, there would be very little of this kind of wealth to share.

If we lower our sights to millionaires, we increase the number of people from whom we can steal, but we decrease the size of the share to be gained from each of them. The exact number of millionaires in this country is not certain, but there aren't many of them. Now, how much does each of us get if we divide a million dollars? The answer, approximately, is $.0055 per person, or 55¢ for every hundred Americans. This is not making us as rich as we thought! If we confiscated one million dollars from each of a thousand millionaires, and divided and shared all this money, our equal shares would come to the staggering sum of $5.50. We could hardly take five and a half dollars and buy cars, yachts, furs, and jewelry. With gasoline taxes as they are, it would take the biggest part of five and a half dollars to fill our own car's gas tank.

Well, if we can't get enough money this way, let's lower our sights to people with $100,000. After all, nobody "needs" more than a hundred thousand dollars! Since it would be difficult to know just how many people have that much or more, we would have to hire and pay a large staff of snoopers to find out. Even then, the results would be consistently disappointing.

The Gross National Product

The gross national product in 1960 was valued at approximately five hundred billion dollars. *This is it!!* Supposing we just shared everything that everybody produced in the whole year? Share and share alike! Surely that would

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make us rich! If we divide five hundred billion dollars by 180 million people, we *do* get more. We get about $2,800 each. More than this is impossible without raising the gross national product itself. You can't have both an equal share and a larger share of the pie unless you get a bigger pie. We would simply have to produce more wealth. But we know that forceful sharing of the wealth would cause the gross national product to decline – not rise. So we know now the most that we could possibly get through a redistribution of wealth.

We know the most – but do we know the least? If those who have more are to be forced to share with those who have less, we may be in trouble. We are all Americans – citizens of the richest country in the world. If compulsive sharing is right for some people, it must be right for all.

Very roughly, we have almost half of the wealth of the entire world in the United States. If wealth is to be shared, then we must all share and share alike. The Indian who earns $100 per year, the Chinaman who earns $50 per year, and the African who manages on less than $25 per year will then also be entitled to share in this forced redistribution. And such lack of wealth among such large numbers of people will pull the average way, way down.

Somewhere along the way, we may discover that this share-the-wealth business, which was supposed to make us all so rich, will really make us quite poor. And nobody wants to share wealth, who will end up with less than when he started.

Why, then, be fooled by this bromide of taking from the rich to give to the poor? It is morally wrong to do this, and it is economically destructive. It is wrong whether we call it outright theft (Robin Hood), government expropriation (Fidel Castro), or taking from the private sector of the economy to give to the public sector (Professor Galbraith).

Let's stop thinking about forcefully redistributing wealth and start thinking about letting people do it freely. Many lazy sons have inherited large sums of money from industrious fathers, and wasted the money, dying penniless. Many other men have started penniless, and have built huge fortunes. We can't stop wealth from being redistributed. But the best opportunity for multiplying wealth, so that each may have more, is to let the redistribution be voluntarily managed under freedom. ◈

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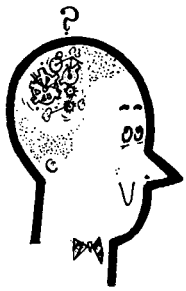

The Inpert in Industry

NEIL M. CLARK

EMPLOYERS usually buy only part of a man when they hire him, and not necessarily the smartest part. That he has a brain as well as manual dexterity or other skills interests most of them only moderately. Yet progress in business as elsewhere depends on the steady flow of ideas, on brains at work to improve every operation, on a constant upward surge at every level. The oceans are strewn with the flotsam of businesses that started off with a brave new idea and considered one enough.

Growing realization of the need for an idea flow has brought an increasing number of eager businessmen to the doors of research. At one time an inventor – yesterday's "research man" – was lucky if he were allowed free time and a bench of his own in a dark basement to do his thinking and tinkering. Today, young scientists trained in graduate schools are grabbed before they are dry to work in richly equipped laboratories. Trust in research has become almost No. 1 item in the creed of progressive businessmen and government leaders. Research and development activities of the American Telephone and Telegraph Company, according to a company publication, are carried on by a force of "about 11,000 scientists, engineers, technicians, and their associates." President J. F. Keener of the B. F. Goodrich Company, speaking to members of the New York Society of Security Analysts on March 7, 1960, told his listeners: "In 1960 we have more scientists and abler scientists and are investing more money in their ideas and talents than at any time in our history." E. Finley Carter, president of the Stanford Research Institute, estimated in the April 1960 issue of *The Stan-*

Mr. Clark is well-known for his free-lance writing in *The American Magazine, The Saturday Evening Post, Nation's Business,* and many other magazines. This article, like his general appraisal of "The Inpert Situation" which appeared in last month's FREEMAN, are from a book manuscript soon to be published.

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ford Review that total research and development expenditures in the United States in 1940 were about $750 million, whereas in 1960 they were expected to exceed $12 billion. Others forecast much higher expenditures in years to come.

Business has accepted Research with the capital "R," and is paying big money for brains in this department and getting big results. Is this enough? Has business really done more, yet, than open one tiny window on what's there to be gathered?

In order to approach an answer, several other questions must be asked. First, what is "research"? Second, how is it done? – how are ideas captured in any human brain? – is the ability to capture them limited to a few or can it be cultivated and stimulated in many? – is hothouse idea production always the best way? Third, who can do research and what training is essential? And finally, what more, if anything, can business leaders profitably do about the creative potential in workers who are not customarily thought of as research personnel?

What Is Research?

As commonly used, the word has a touch of eggheadishness: the ten-dollar price tag on it scares people. This is too bad, because it is a useful word designating an attitude that isn't eggheadish. Let's take the high hat off. Research can be defined, simply, as asking questions and looking for answers. A country boy imbued with wonder at the world about him may make firsthand observations on the lowly and sometimes destructive groundhog and learn facts and reach conclusions (about hibernation, for example) which scientists do not yet know. He may learn things he never thought of looking for. That's a common happening in research, dignified with a special name, serendipity.

Research, in short, is not solely a matter of white coats, gleaming laboratories, letters after the name, and big appropriations. It is intelligent curiosity at work at any point, exploring something unknown (at least to the asker), crossing some frontier to new knowledge. When educators and frocked scientists in universities mention research, they are likely to be thinking of "pure" research, meaning the pursuit of knowledge with no utilitarian purpose: a crossing of frontiers into the great dark of the unknown, sometimes referred to as the "growing edge" of human knowledge. Results of such research may or may not enable anyone to bake better bread. Soon after he came

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back to Chicago after receiving a Nobel Prize for his discovery of the Compton Effect, Dr. Arthur H. Compton told some of us that the King of Norway asked him, in Stockholm, what "good" his discovery was: what use it could be put to. Compton said he told the King that so far as he knew, it wasn't "good" for anything, might never have any practical application. It was something not known before, but now known.

A characteristic of even such research is that as soon as a new fact is learned, some use for it is likely to turn up. Compton received the prize in 1927. Thirty-three years later I asked him whether he could now point to any measurable result. He replied by letter, saying:

"I cannot point to any 'practical' application that has appeared of the Compton Effect. There has, however, been important use . . . . in the derivation by Werner Heisenberg (1927) of the principle of indeterminateness, which has led to the acceptance among physicists of the view that events in the physical world cannot be foretold with definiteness but only within a certain well-defined probable error. This has led to a general agreement that there is no conflict between the observed degree of determinism of physical events and the intuitive view that man is free to perform purposive action, and accordingly that he is a being with moral responsibility for his actions. It may be that this philosophical inference is of greater human importance than many so-called 'practical' inventions."

That's how research is on all levels. Where curiosity will lead cannot be known in advance. If results were precisely predictable, there would be no need for research.

"Pure" research tends to become "applied" in industrial laboratories, although they may overlap there, too. The common phrase, research and development, rather accurately expresses what the businessman expects of research. He wants new products or new uses for old products, and trained research men are likely to find answers if they can be found. But progress in business occurs, or should occur, on every front, and research laboratories and engineering staffs simply cannot be made big enough to think of everything and they would not think of everything if they were many times larger. It follows that much on-the-job progress can be done best, perhaps only, by those who are doing the jobs. The workman is usually well fitted to see chances for improvement in his own bailiwick, because he is so close to the opera-

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tion. Dynamic management makes it worth the worker's while to be creative.

In this view, then, Research with a capital "R" may be for eggheads, but research with a small "r" is for everyone. And the inpert's definition of a frontier may not be what *mankind* does not yet know or do, but what he, his organization, his industry, or his special group in any field, does not yet know or has not found out how to do best. Frontiers of that kind are past counting. They exist in every job. All are susceptible of being crossed by active, creative minds.

This says something about what research is. But how is it done?

How Is Research Done?

Here, mystery enters. The imaginative leap from known ideas and methods to new ones is one of the most puzzling performances of *Homo sapiens*. "The source and manner of production of ideas no philosopher, no metaphysician, no scientist has ever been able to fathom. Somewhere, out of the void, that which did not exist before leaps into the mind of man."[1] This is what is known as creation. Creativity is the skill wanted in research.

Some steps that seem to favor the development of creativity are known. There are recognized means of gathering facts, tools that can be used, and research relies on them. But something over and above the assembly of facts takes place in the creative leap. Exactly what, no one knows. But facts combine in new ways. Individual creativeness can be stimulated and encouraged if the knack for it exists. Conditions favoring its emergence can be provided. Information about what is already known can be gained at "knowledge factories" (schools, colleges, universities, even teaching machines), and this background of information undoubtedly can increase the chances of pulling the rabbit out of the hat and putting two and two together to make five. "One cannot be creative without having ideas to work with. Educators use this argument to justify the rote learning of much basic information."[2] All life experiences, even if they seem remote from a given problem, may furnish just the materials needed for the creative act. But no one knows any formula for stocking a given brain with just those things which will enable it to function

[1] Henry M. Wriston, "The Challenge of Being Free." *The Saturday Evening Post*, December 10, 1960.

[2] Donald E. P. Smith, Reading Development Services, Bureau of Psychological Services of the Institute of Human Adjustment, the University of Michigan: letter to the author.

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creatively. Creative ability is where it is found; creation happens where it happens. The obvious thing to do is to give it every encouragement and trust to luck.

Some Educated Guesses

I have questioned many people about these matters, including creative people and teachers devoted to training students for useful and creative work, but I have yet to find one who would venture to say exactly what the creative process is or how it functions. There are many guesses. Some are illuminating. Dr. James P. Dixon, president of Antioch College, once said in a brief article in *Antioch Notes,* "A central concern of education is to encourage human capacity for innovation." I asked him to elaborate the role education can play in this. "This is a matter," he replied, "about which it is possible to have hunches, but as far as I know no truths have yet been deduced which would stand the test of the scientific method." He cited certain speculations. If a mind is to invent, he pointed out, it must be aware that invention is possible; hence, "one element of the educational climate is to maintain this point of view." As to methods he said, "When one is faced with the task of formulating fresh ideas on a subject, he tends to put the matter in his mind and to contrive a variety of associations over a period of time." Sometimes, he admitted, this works; sometimes it doesn't. He also stressed the importance of strong motivation, which may spring from good command of a field of knowledge, from the drive of a value system, or from a sense of "political" urgency; and he felt that young people with nimble minds "should be deliberately exposed in the educational process" to these three. Summing up, he said that invention seems to be "an intensely individual process"; hence, any educational procedure seeking to encourage it "would necessarily emphasize those factors which set the individual mind free rather than emphasizing those which require conformity"; and since the human capacity for inventive ability cannot at present be predicted, he believed "the best we can do is establish an educational environment in which we believe invention can prosper, recognize if we can the individual of inventive mind, and courageously foster his individual creativity."

Professor Raphael Demos, a stimulating teacher of several generations of Harvard students, echoed some of these ideas, saying that the question of training the ability to create or invent "is one on which I have pondered but to

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no avail." As a teacher, he said, "my attitude has been to look for creative ability in a student's record and then to encourage, to stimulate, and to discipline it so that it may be truly fruitful. But I have never felt that, as a teacher, I could create the power to create, in another person."

An Unknown Process

It is apparent that in order to create, the mind must have materials to work with, assurance that invention is possible, and the desire to create or invent. But how the mind comes up with something new, we simply do not know. Dr. Laurence Young, a mathematician with the United States Army Mathematical Research Center at the University of Wisconsin, told of working for two years without success on a certain problem. He went to a concert one evening to get away from his work, and while the orchestra played, his mind wandered. In a flash, he said, he saw the problem's solution and within a minute had written it on the back of a postcard. "Most of the time," he added, "I am absolutely blind" – creatively. "Every so often I get a flash – a new slant on something. One nice piece of work in five years feels good." Creation, one of his colleagues said, "looks easy and it is easy, but it isn't easy to make it easy."

Dr. Donald A. Glaser, whose development of the "bubble chamber" for exploring and photographing the interior of atoms won him a Nobel Prize in Physics in 1960, made the imaginative leap to the idea while watching the foaming action of an uncapped bottle of beer. He theorized that the beer foamed due to heat in the vicinity of the bottle and to being struck by a particle of matter from the atmosphere. He felt that the same effect would take place, and could probably be photographed, if subatomic particles were passed through a suitable liquid, leaving bubbles. Experiment proved it was so. Could anyone have predicted any connection between a slightly warm bottle of beer and a Nobel-Prize-winning idea in atomic physics? John Jewkes and associates, in their pathfinding study of the sources of invention, reached this conclusion about the process:

"There is nothing in the history of technology in the past century and a half to suggest that infallible methods of invention have been discovered or are, in fact, discoverable. It may be true that in these days the search for new ideas and techniques is pursued with more system, greater energy and, although this is more doubtful, greater economy. Yet chance still remains an important factor

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in invention, and the intuition, will, and obstinacy of individuals spurred on by the desire for knowledge, renown, or personal gain the great driving force in technical progress. . . . In many fields of knowledge, discovery is still a matter of scouting about on the surface of things where imagination and acute observation, supported only by simple technical aids, are likely to bring rich rewards."[3]

Whether the creative idea is a new conception in physics, a new poem, or a new way to get the top off a can, nobody really knows who is most likely to think of it, or how, when, or where. It can't be predicted or ordered for delivery tomorrow morning with the paper and milk. The stage can be set elaborately, but nobody knows ahead of time what the play will be. This much, though, is known: the imaginative leap will occur first in just one human mind, and no other mind might ever think of it.

Who Can Do Research?

This leads to the third question: who can do research? who can create? who has the potential for innovation?

One view is that we must rely chiefly on scholastically trained minds. A professor of higher education noted in the *Michigan Alumnus Quarterly Review* that more than a third of a million students are presently engaged in graduate studies at American universities: more, he declared, than were enrolled in all United States colleges and universities at the start of the century. He said the graduate school is the future training ground for "the forces of enlightenment in the perpetual war against ignorance"; and with something of a sneer for the collegeless Fords and Edisons of earlier days, he declared "no one thinks that the technological geniuses of tomorrow will be trained in news butchering or bicycle repairing. They will come from the graduate schools." A good deal of weight must be given to this view. Knowing what is already known can be a necessary springboard for the leap into the unknown. But there is also a danger. "They" (authorities, text writers, "experts") know so much. Isn't it presumptuous to assume they didn't know everything, or to suppose that some of what they "know" isn't so? Training imperfectly directed can beget awe, timidity, and conformity, as well as creativity.

The late Charles F. Kettering

[3] John Jewkes, David Sawers, and Richard Stillerman, *The Sources of Invention*. New York: St. Martin's Press, 1958. p. 23.

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was profoundly impressed with the need in every field for improvement and invention. But nobody was more anxious than he to take the high hat off research. He recognized fully that it needs to be purposive and directed. "Accidental discoveries are too casual and uncertain for a high-geared industrial civilization," he said to this writer some years before his death. Much of our directed research, he knew, must be done in institutional laboratories by trained workers. But he warned against the failure to encourage creativity *at all levels*. Thinking far beyond cloistered laboratories, he said, "We are not yet keeping as many creators busy in industry as we should." He said that as a director of research he had to be constantly on guard against trained minds that placed too much faith on training and commonly-accepted ideas. Creative minds, he insisted, had to be constantly crawling out of ruts in which they tended to bog down.

Anyone May Be Creative

Can even the untrained create? There is evidence on every hand that many of them can, and often do. Furthermore, they frequently "have something" that elaborately trained minds lack. Why was it, for example, that the suggestion for a new arrangement of pipes in a Southwestern gasoline plant came, not from specialists trained to make such improvements, but from an overalled young man who was hired to operate, not to think – to use his hands, not his brains? It so happened that he was working for a company which intelligently encourages and pays well for creative ideas, no matter who thinks of them. But for that, this young man might have had the idea he did have, but probably he would have said nothing about it. As it was, his idea resulted in the recovery of an additional half-million gallons of gasoline liquids per year; and for thinking of it and proposing it, he pocketed a special check for $1,020.

No one knows whose brain has the special equipment to come up with important ideas. A Chicago feed salesman heard a poultry scientist speak of the need for better sources of poultry grit. One of his customers was a Georgia firm producing granite paving blocks, a dying industry. On his next trip the salesman asked the owners why they couldn't grind up granite for chicken grit. No one else had made the creative leap resulting in this suggestion, which revivified a business on the way out. An Oklahoma farmer named Joseph Danne, whose education ended at the eighth grade, died in October, 1959. Danne "invented" Early

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Triumph wheat, a variety with qualities long sought but never found by trained geneticists. It is said he put an extra $10 to $25 million every year into the pockets of Oklahoma farmers alone.

Don't Overlook the Nonspecialist

Who can invent? It's safe to place a lot of reliance on those trained for it: research specialists. But it's smart not to forget that there are other mines, some rich in ore. Jack in the shop or Jennie in the office may have good ideas, too. They may very well hit on something that would never occur to a white-coated Ph.D. in the laboratory. This is nothing against laboratories. It is simply a fact about individual human nature and the mystery of creation that needs to be fitted dynamically into the total research effort if progress is to be as rapid as hoped for.

Research "experts" fit into an obvious category. They occupy a neat place on the organization chart. Their employer knows where to put his finger on them. That's handy. Inperts, however, can upset applecarts. They tend to give the shudders to intermediate executives who like to speak correctly and say "Yes, sir!" to the big boss. Consequently, the idea of turning inperts loose in business isn't always altogether welcome: it is often frowned on. So, the ideas inperts have are often like the seeds nature produces by the millions, only a few of which ever find fertile soil and bear fruit. When an occasional employer learns how to use this off-beat research, he tends to make things tough for competitors.

A dramatic instance is James F. Lincoln, chairman of the Lincoln Electric Company of Cleveland. Taking over a near-bankrupt company, he made it the leader in its field by blasting the almost universally accepted notion that an employee in a particular job is "worth" so much and no more. Lincoln believed that if he bought the whole man instead of just a piece of him, the individual's worth to the business might prove nearly limitless. He pays the going wage for each kind of work. But at the year's end, each worker is appraised for his year's contribution and a bonus is paid based on that. There is nothing automatic about it. A man who has done nothing particularly outstanding may receive a sum amounting to 5 or 10 per cent of his year's wages. Another may receive a sum amounting to several times his year's wages. It puts a different aspect on a job for an inpert when he knows that by making full use of his abilities, he may earn not merely the $6 or $7 thousand that comes in the pay envelope, but

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perhaps enough in a lump sum to buy a new house or put his kids through college.

Business in general has barely begun to find out what can happen when its inperts function at high levels. Many companies offer cash for usable ideas through suggestion systems. Many of these produce good results. Probably the majority, however, are only a tip of the hat to a project which is secretly thought of as more bother than it is worth. The vice-president of one of the biggest aviation companies lays the blame, for suggestion systems that fail, squarely on management. "Of course, suggestion systems are worth-while," he says; "of course, they work – if management honestly works them. The practical approach, but it's a rough one, is to open the eyes of the top brass to the reservoir of ideas latent in any group – wake them up – get them to welcome ideas." It isn't enough for inperts to have smart ideas if putting them to work depends on people who can't see the sense of them, or don't want to bother.

Give Inperts Their Heads

What it comes to for the inpert as a worker is too often a feeling of frustration: the notion, probably correct, that his employer wants just one thing from him and no bright ideas. The reaction to frustration depends on the individual. He may slip into a don't-give-a-damn attitude, and no organization touched with that poison is heading for a profit heaven. If the individual has get-up-and-go and a chance to work elsewhere, he may quit and take another job or start a rival company. Often an employer finds he has not merely lost an undervalued employee, but has gained a competitor who is beating the pants off him.

Our hope for progress at anything like the rate we want, lies in giving inperts their heads and seeing what they come up with – and using what's good. ◈

IDEAS ON LIBERTY

Open Competition

THE GREATEST POWER for the benefit of mankind is the free market with its open competition. Within its structure is the smoothest and wisest regulator of human endeavors. In addition, it is self-policing. Individual as well as group gain comes because it reduces indolence, demonstrates the value of discipline and dependability, teaches good principles, and tends to build competency.

RALPH E. LYNE, Taylor, Michigan

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The Miracle of Responsibility

ESSAYS VIII

EVERY AGE believes in its fairy tales. In the ancient world there was the fable of Scylla and Charybdis, those twin perils between which the purposeful mariner was hard-pressed to steer a safe and successful course. In the modern world, there is the fable of the Id and Society.

The Id, as Benjamin A. Rogge explains in the delightful updating of the story of George Washington and the cherry tree which is his contribution to *Essays on Liberty: Volume VIII* (selected from *The Freeman* and from *Notes From FEE*, Foundation for Economic Education, $3), is what lies within the person to deprive him of moral control of his actions. And Society is what lies outside the individual to render him doubly irresponsible. Between the Id and Society, nobody is to blame for anything he or she may do.

This theme of "Who's to Blame?" (the title of Dean Rogge's essay) is orchestrated with many a pertinent variation in most of the selections chosen by the FEE editors for this year's Freedom Anthology. Carlton Williams speaks of "The Miracle of Individual Responsibility." W. M. Curtiss tells how we have been "Insuring Irresponsibility." Naturally, if individuals aren't responsible for their actions, something must be invoked to tell them what to do. And so, in the presence of modern disbelief either in the Inner Light or in Divine Revelation, we have the supposedly omnicompetent State.

The consequences of state assumption of responsibility for the individual are touched upon either directly or tangentially in practically all the essays in the book. Some of the more notable pieces which are directly devoted to demonstrating what happens when the State tries to substitute itself for voluntary action are Howard Stephenson's "A Tale of Two Railroads" (the Canadian National versus the Canadian Pacific), Sylvester Petro's "Union Power and Government Aid," Henry Hazlitt's

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"What Rent Control Does," Karl Brandt's "The Hard Core of the Farm Problem," and Morley Cassidy's "It Isn't Insurance."

A Miracle Either Way

This reviewer has no desire to offer a mere catalogue of the contents of this or any anthology. What interests him here is something that projects itself from a reading of all the essays at a prolonged sitting. It suddenly strikes the reader who puts Benjamin Rogge's contribution together, say, with Leonard E. Read's "Conscience of the Majority" that if the Id is to blame for our troubles, then neither Society nor its political agent, the State, can lead us out of the woods. The Id, by definition, is something that cannot be ordered around by policemen. On the other hand, if it is Society that is Irresponsible, it can hardly be trusted to choose a responsible government. We get ourselves involved in a whole mess of non sequiturs whenever we cut loose from the idea that individuals have only themselves to blame for the consequences of their choices.

Suppose it were the Id which put an irresistible compulsion upon George Washington to hack down the cherry tree. George *had* to do it—and when you get a lot of Georges doing what they *have* to do, there is no stopping them. Society, being a collection of compulsive Ids, merely reflects the chaos created by a multiplicity of hatchets hacking at the roots of fruit trees everywhere. Seeking to save itself from itself, the Society can, of course, turn the problem of controlling a myriad of hatchet wielders over to a committee. But the committee, by definition, will be composed of Ids. And these Ids, with policemen's guns to play with, can do a lot more damage than any number of Georges with hatchets.

No matter how you look at it, the "miracle of responsibility" must be admitted somewhere. If the Id is not responsible, then a miracle must intervene to make that collection of Ids known as Society into something better than the sum of its parts. If Society itself is not responsible, then it must be a miracle indeed to suppose that it can select a committee of Ids that can somehow transcend themselves. Such transcendence being unlikely, then maybe a single purposeful Id may impose himself on his more irresponsible committeemen, say, a Napoleon, or a Hitler, or a Stalin, or a Khrushchev. But who is to guarantee that the Id who assumes over-all responsibility for telling society what it must do will be responsible to any canon of decency or humanity? After all, an Id is an Id—and in-

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stead of chopping down cherry trees an all-powerful Id may elect to chop off heads.

Since we are dealing in miracles anyway, we might as well believe in the miracle of the responsible individual. If things are left to him, he may indeed choose to chop down a cherry tree. On the other hand, he may choose to plant an orchard.

In his "Conscience of the Majority" Leonard Read denies that such "conscience" is statistically possible short of the miracle that 51 per cent will think absolutely alike. What a majority votes to accept is, outside of a Quaker meeting, a compromise of principles held by individuals – and, as such, it must violate what most of the individuals privately believe. An averaging of consciences is a mere convenience – and as such it is so far from being the Voice of God that it should only be resorted to on a most limited basis. (Thus the sanity of the Inalienable Rights philosophy, which puts certain human activities beyond the reach of government.)

Of course, nobody has ever seen a conscience, so maybe the basis for Mr. Read's essay must be thrown out the window. On the other hand, nobody has ever seen an Id. The Id must be deduced from the activities or expressions of individuals. But if the Id can be so deduced, then why can't the individual conscience be deduced, too? As a matter of fact, Freud, who kicked conscience out the front door of his edifice of theory, had to bring it in again through the backdoor. He called it by a new name, that of the censor. The censor, to Freudians, may be suspect – it is, so they say, an unnatural construct foisted on the child by his parents who, in turn, fear Society. But where did the idea of Right and Wrong, to which the unseen censor responds no less than the unseen conscience, come from? Again, we have the miracle; the idea of Right and Wrong is something we can't escape even if we try.

Economics vs. Statistics

If human beings are responsible agents, which is the basic assumption of the contributors to these *Essays on Liberty*, it follows that economics is something more than a branch of statistics. Economics is and must be a branch of moral philosophy. Statistics, on the other hand, can never be anything more than a mathematical statement of what results from the normative behavior of morally impelled individuals. Norms may vary in their expression from time to time, but they are always established within configurations imposed by stubborn truths about

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human nature. Unless the economist can have a clear idea of what these stubborn truths consist, he is in constant danger of giving statistics an independent life.

Thus, if a nation happens to have achieved a certain rate of growth in the past, the worshiper of unattached statistics may assume that such a rate is desirable for any given year regardless of how much has been added to steel capacity, say, in the year before. But, since it is much easier to make a 100 per cent leap from one to two than it is to make a similar jump from forty to eighty, the rate of growth statistic may be utterly misleading if it is detached from certain truths about man as producer. The statistician who argues willy-nilly for a "pour it on" treatment of the rate of growth will not scruple to advocate governmental force-feeding of the economy. But the very attempt to force-feed may induce malinvestment, or inflation, or a rate of taxation that will provoke a disinclination to work at one extreme and an inability to save money for leisure-time pursuits at the other.

The Case for Revolting Against Record-Keeping

Contemplating the results of what happens when governmental planners have access to unlimited power to collect statistics, Murray Rothbard, in what is perhaps the most original contribution to this year's *Essays on Liberty*, calls for a revolt against the keeping of detailed records. When the State didn't know what businesses were doing, or what people were individually earning, there were certain natural limitations on what political agents could do to steal social power from the citizenry and transform it into political power for themselves. Mr. Rothbard argues that since individual companies know their own markets, they don't need to keep elaborate records; altogether too much time and energy is wasted in filling out forms to be passed on to Washington. As for the small concern and the individual, they are not in a position to keep elaborate books and make their livings at one and the same time. So the records suffer. The individual free lance, forced to assemble complete proof of his business expenditures for the tax authorities – and this is what it is coming to – will be compelled to overstate his actual net income in default of complete records or risk going to jail.

The International Business Machines Company may not like what Murray Rothbard has to say. But Mr. Rothbard does not propose smashing the giant computers, which would still be of use for automation purposes. What Mr.

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Rothbard would like to do would be to make it illegal to force industries to collect statistics for Washington at their own expense. This, after all, is part of the modern slavery to which Mr. Read objects. If government had to gather its own statistics from voluntary offerings, and if industries and individuals could be protected against the snooping federal statistics collector by applying to his activities the present law covering the issue of search warrants, planners would be forced to desist from ordering us about for lack of certainty about what any of us might be doing at the moment.

Mr. Rothbard, in his war on the federal statistics collector, may seem to be whistling in the dark. Indeed, everything which this collection of *Essays on Liberty* proposes runs counter to the prevailing current of the age. But don't be too sure that Mr. Read is wrong when he speaks of "The Coming Renaissance" of freedom. People aren't so certain any more that the statist approach is right. The ice still covers the river – but it is honeycombed with softness and one of these days it may go out with a roar. ◈

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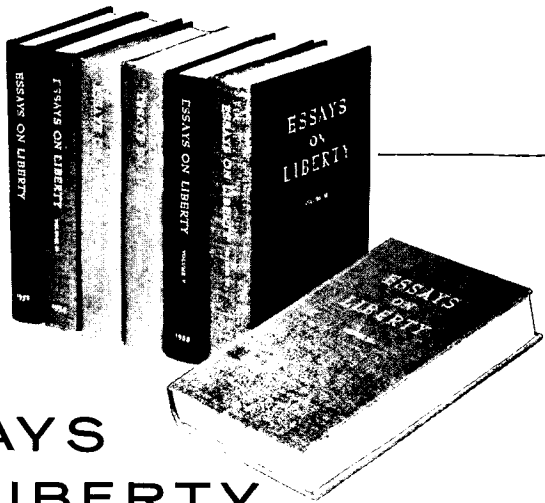

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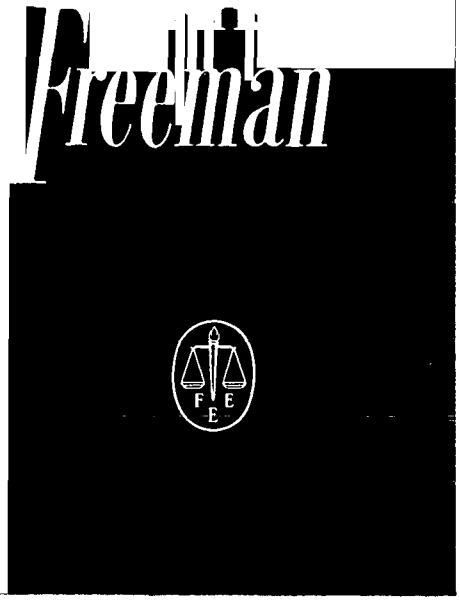

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